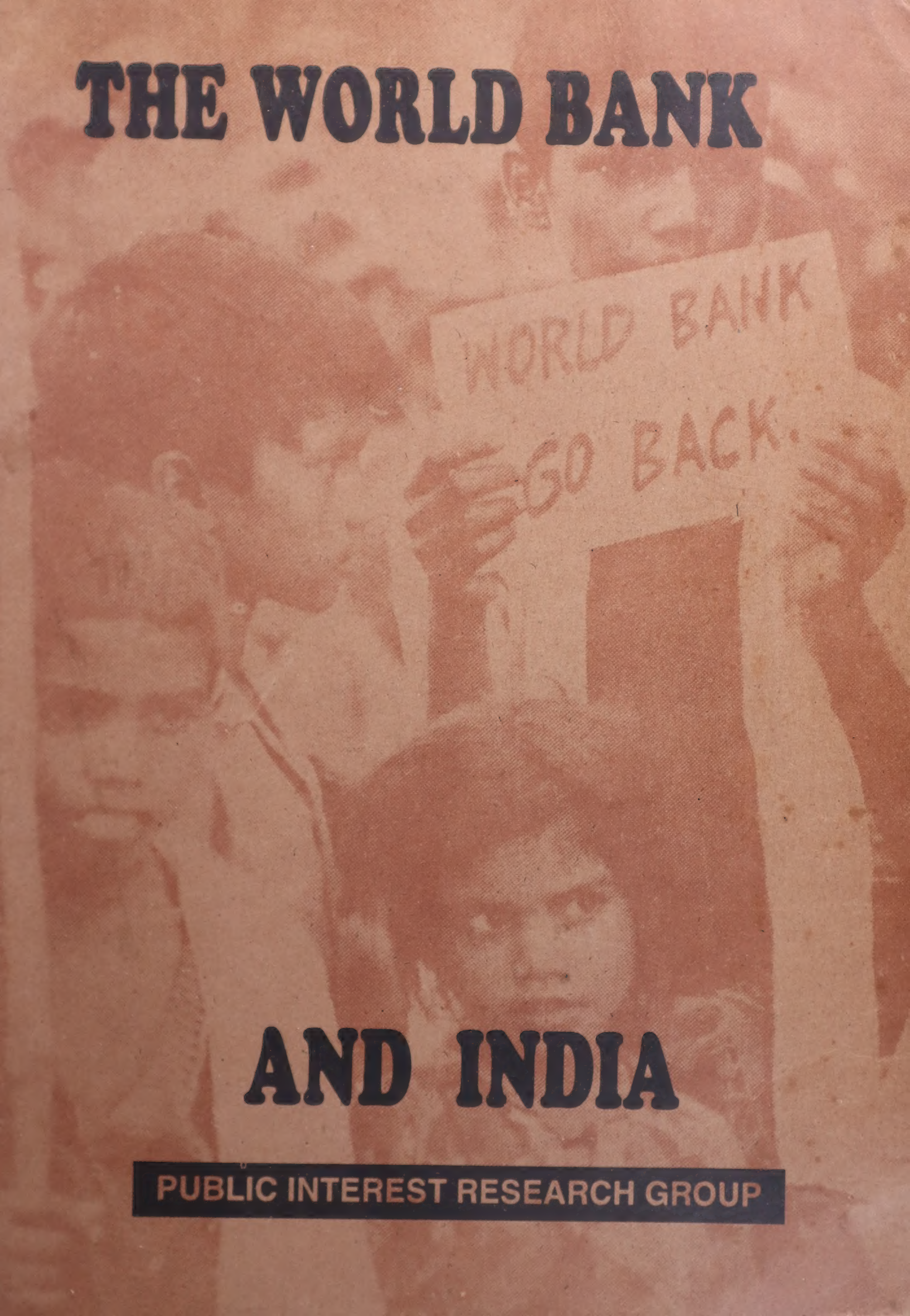
THE WORLD BANK



AND INDIA

PUBLIC INTEREST RESEARCH GROUP

This is it!

by Sudhir Dar

Courtesy : Sudhir Dar, The Pioneer

Not long ago, it was fashionable to talk of Public Sector capturing the commanding heights of Indian economy. Now, we have the World Bank capturing the commanding heights of our economy. The emergence of the World Bank as a major actor on the Indian Economy is quite evident from the way it has started figuring prominently in decision-making.

India's economic relations with the World Bank have been of ancient vintage. Over the years, the Bank alongwith its twin sister, the IMF, have been playing an important role in guiding India's economic management. How did this happen? In this activist handbook, we shall try to understand the history of Bank relationship with India from 1944 to the present times. We shall also try to understand the major areas and sectors of the Bank's involvement in India.

This publication is released at a turning point when the worldwide campaigns against the Bank are gaining strength and recognition, especially on the eve of its 50th anniversary. More than ever before, NGOs, grassroot movements and activists, particularly victims who are directly affected by Bank's projects and policies in India, are taking an increasingly critical view of the World Bank's policies.

We hope that this activist handbook will strengthen various ongoing campaigns against the World Bank's Projects and Policies in India.

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THE WORLD BANK AND INDIA

July 1994

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Contents

Glossary

Balance of Payment (BOP) A record of all payments made and received by nationals of a country to and from foreigners. When inflows exceeds outflows, the country is said to have balance of payment surplus. When outflows are greater than inflows, then it is said to be in a balance of payment deficit.

Devaluation The Government's decision to change the official rate of exchange to a higher level is called a devaluation.

Exchange Rate The price at which one currency (e.g. rupee) may be exchanged for another (e.g. dollar). The exchange rates may be officially set up by the government under a system of fixed exchange rates. But, the government can keep it under the floating exchange rates which varies from day to day, depending on the amounts bought and sold.

Foreign Debt A country's borrowings from other countries, foreign banks and international capital markets.

Foreign Investment Investments of funds is a country like India by an alien private company or individual. This includes both Direct Foreign Investment and Portfolio Investment. Direct Foreign Investment which involves control, is different from portfolio investment in which foreigners buy shares of domestic firms without becoming actively involved in the firm's decision-making.

Official Loans These loans are also known as Official Development Assistance (ODA). In International lending, these are loans from non-private and non-commercial resources, including loans from Multiateral Institutions like the IMF, World Bank, Asian Development Bank. It also includes bilateral loans i.e. loans made between governments such as the Japan and US government's to India. Generally, bilateral loans are concessional carrying longer maturities and lower interest rates as compared to multilateral loans.

Trade Balance The difference between exports and imports of goods. When a country's exports and imports of goods, it is said to have a trade surplus. When the reverse happens, it is said to have a trade deficit.

Data Notes

- Million is 10,00,000
- Billion is 1,000 million
- Trillion is 1,000 billion
- $ are US dollars
- 1 US dollar is Rs 30 (1994)

The World Bank

The World Bank (WB) was originally set up as the International Bank for Reconstruction and Development (IBRD). Born in a conference held at Bretton Woods, New Hampshire, U.S.A. in July 1944, alongwith its twin the International Monetary Fund (IMF). Together they came to be known as the Bretton Woods sisters. The conference that brought forth the two sisters, was actually taking place at a very significant time, World War II had just ended.

The Genesis

Europe was the major theatre of war which had been devastated. In contrast, the United States of America was the only country at the end of the war that still had its productive capacity intact and could also compensate others lacking such capacities. Its economy and position was therefore, the strongest in the new dispensation.

The founders envisioned two primary functions in the post-War era. The reconstruction of Europe and guaranteeing private banks' project loans to poorer countries. As an agent of reconstruction, the Bank was stillborn. What war shuttered Europe needed was not interest-bearing loans for projects but rapidly disbursing grants and concessional loans for balance of payment support and desperately needed imports to meet their basic needs. In all, the Bank advanced only four loans for reconstruction toalling US $497 million. It was the US-initiated Marshall Plan, not the Bank, that was the engine of European reconstruction, disbursing $41 billion by 1953.

The World Bank and the IMF were designed primarily by officials of the US government with inputs from the British delegation to the Bretton Woods Conference. The IBRD's headquarters was located in the USA because its charter specified that *"the principal office of the Bank shall be located in the territory of the member holding the greatest number of shares"*. At the time of founding, USA was the largest shareholder (37%)

IMF and World Bank

Though these are different institutions, there are several reasons to believe that they are inseparable twins :

- membership in the IMF is a prerequisite for membership in the WB;
- annual meetings of the IMF & WB are held jointly;
- their governing structures are similar. In fact there is some overlapping in the membership of the Executive Board;
- these two institutions share the same perception and paradigm of development.

among the member nations. Significantly, the choice of Washington D.C. over New York city to headquarters it was considered a victory for the US position that the World Bank and the IMF should be subject to close control by national governments over the argument by British economist Lord Keynes that the institutions should operate as autonomous institutions, divorced from the vicissitudes of national politics.

Initially they had exclusive but closely related responsibilities. The IMF was supposed to provide short-term finance to countries facing a crisis of foreign exchange. The World Bank, however, was to rebuild the shattered economies by financing long-term and medium-term development by providing specific project loans for building highways, laying railtracks, building power plants, etc.

THE POWER-STRUCTURE

The WB and IMF have similar governing structures, located at a common venue in Washington. The jointly held annual meeting is a family get-together of sorts.

The governing structure of the Bank is not democratic. It is not based on the principle of *"one country one vote"*. The structure is based on what we commonly called as *"one dollar, one vote"* system. Votes are weighted according to the amount of money each country puts into the Bank. Each country has 250 votes plus one additional vote for every share that it holds, each worth US $1,00,000. Members buy shares by subscribing money to the Bank. For any amendment in the rule requires 85% of the votes. The US being the largest shareholder with 19.63% votes can veto any amendment.

Votes in the World Bank

Country	% of total votes
USA	19.63
Japan	9.43
W.Germany	7.29
UK	6.99
France	4.76
China	2.55
India	2.55

While, China and India together have only 5.10% of the total votes, despite representing 36% of the world's population. The rich countries have effective say in policy matters.

THE ORGANISATION

The World Bank has the following organisational structures:

Board of Governors

Under the World Bank's Articles of Agreement, all of the Bank's powers are vested in a Board of Governors, which has one representative from each member country. A nation's Governor typically is that country's Minister of Finance or equivalent, acting ex-officio. While certain important decisions are reserved for the Board of Governors, it meets only once a year. Regular and routine operations are conducted by its Executive Directors [EDs] and the President.

Executive Directors

As provided for in the Articles of Agreement, the board consists of 22 EDs, with alternates. The five countries having the largest number of shares of

capital stock (currently USA, Japan, Germany, France, and United Kingdom), each have a permanently appointed Executive Director while the remaining Executive Directors are elected by the governors representing the other member countries. While the Executive Directors owe allegiance to the Bank's Articles of Agreement, they also are subject to the wishes of the governments they represent.

World Bank President

The World Bank President is the chairman of the Board of Executive Directors and serves as the chief of the Bank's operating staff. The President is appointed by the Executive Directors. The President conducts, under the direction of the executive directors, the ordinary business of the Bank. The current president of the World Bank is Lewis T. Preston, who succeeded Barber B. Conable in September 1991. All the presidents of World Bank have been Americans, reflecting the initial and continuing influence of the United States on the Bank.

Regional Groups

The officers and staff of the World Bank are divided into six regional groups, along with various adminstrative sectors. The regional grouping are: 1. Africa; 2. East Asia and the Pacific; 3. South Asia; 4. Europe and Central Caribbean. Each country group is headed by a Bank vice president. In addition to the regional groupings, there are nine operational sections covering such areas as accounting, economics and personnel, and a number of

Bank's Presidents

1. Eugene Meyer : [June 25,1946 - March 47] *Owner of the Washington Post and was active in banking circles.*

2. John McCloy : [March 1947 - April 1949] *A lawyer, Mr McCloy's law firm was counsel to Chase National Bank. Held positions in the executive branch of the US government (including Assistant Secretary of War).*

3. Eugene Black : [July 1949 - December 1962] *An investment banker and senior vice president of Chase Manhattan Bank.*

4. George Woods : [January 1963 - March 1968] *An investment banker and chairman of First Boston Corp.*

5. Robert S. McNamara: [April 1968 - June 1981] *President of Ford Motor Co., and Secretary of Defence in the Kennedy and Johnson administrations.*

6. A.W. Clausen : [July 1981 - June 1986] *With Bank of America and Bank America Corp. for 32 years & returned to latter as chairman in 1986 from WB.*

7. Barber B. Conable : [July 1986 - August 1991] *Member, House of Representative from 1965-1985.*

8. Lewis T. Preston : [September 1991 -till date] *Joined J.P. Morgan & Co. in 1951, where he became President and later Chairman of the Board and CEO, post he relinquished in 1989.*

Extended Arms of the World Bank

Like a Hindu god, the Bank has 4 arms—the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

IBRD

Founded: **1944** ***Members:*** **176**

Function : The International Bank for Reconstruction and Development (IBRD) lends money at near-market rates to developing countries. According to its own literature, it lends money "to help reduce poverty and to finance investments that contribute to economic growth." In 1993, the IBRD approved $16.9 billion in loans to 45 countries. Loans are divided among structural adjustment program loans, sector loans, and project loans. The payback period is 15 to 20 years.

All IBRD loans are guaranteed by creditor governments, through appropriations decided by their individual governments. Consequently, World Bank bonds enjoy the security of triple-A ratings, signalling very low risk. Most IBRD funds come directly from bond sales.

Activities in India: Nearly 51% of the total Bank lending to India is by IBRD credits. This includes various developmental projects like Nathpa Jhakri Project, National Dairy Project and Upper Krishna Irrigation II Project.

IDA

Founded: **1960** ***Members:*** **150**

Purpose : Concessional loans to poor countries.

Function : Gives 90% loans to poorer countries in the field of agriculture and rural development. It generally finances a larger percentage of total project costs than the Bank. In 1988, IDA lent US $4.5 billion for 99 projects and adjustment programmes, amounting about 23% of total Bank lending. The IDA requires frequent infusions of new contributions and is extremely vulnerable to shifts in the political climate for aid. The bank holds IDA replenishment discussions approximately every three years, with a round just completed, which is referred to as IDA 10. (IDA 9 was in 1989, and IDA 11 is expected to be held in 1996). IDA talks presently an opportunity to raise human rights concerns in the Bank in a bilateral context.

Activities in India : The structural adjustment programme and Subarnarekha dam are examples of IDA credits in India.

Extended Arms of the World Bank

IFC

Founded: **1956** ***Members:*** **153**

Purpose : IFC backs loans for private sector investment in member countries without guarantees of repayment by the concerned member government. The IFC was established to assist the economic development of less developed countries by promoting growth in the private sector of their economies and helping to mobilize domestic and foreign capital for this purpose. Membership in the IBRD is a pre-requisite for membership in the IFC. Legally and financially, the IFC and the IBRD are separate entities. The IFC has its own operating and legal staff, but draws upon the Bank for administrative and other services.

Function : Bulk of its money comes from capital subscription of its members. It has the same directors as those from the Bank and operates on a weighted voting system. Most of the IFC's investment are in manufacturing followed by mining, energy, tourism and public utilities.

Activities in India : Since 1959, the IFC has invested about one billion dollars in 57 companies operating in India, in shipping, iron and steel, chemicals, fertilisers, building and industrial equipment, etc. The TISCO modernisation plan and the Chandil Iron Project in Bihar are a few examples.

MIGA

Founded: **1988** ***Members:*** **101**

Purpose : To encourage the flow of private foreign investment to the developing countries by guaranteeing the investments of foreign cooperation against risks such as civil war, host government currency restrictions, nationalisation, etc. MIGA also offers investors guarantees against non-commercial risks, advises developing member governments on the design and implementation of policies, programs and procedures related to foreign investments; and sponsors a dialogue between the international business community and host governments on investment issues.

Function : The President and Board of Directors of MIGA are the same as those of the World Bank.

Activities in India : In 1993, India became a member of the MIGA.

international field offices.

The World Bank's legal department is separate from the regional groups, but its lawyers are assigned to a specific country or operational sections within regional groups.

THE LOAN CYCLE

Bank projects are identified in an ongoing process within a broad based framework evolved by the Bank staff and representatives of a recipient country's government on the problems and needs of that country. The following is a description of the IBRD project loans or IDA credit process.

Identification Stage : The idea of a project often arises out of existing work in the recipient country. It's part of a continuing dialogue between Bank staff and representatives of the recipient country's government. A frequent aim is to identify projects that will help remove 'bottlenecks' and other constraints. But in consonance with the Bank's reputation as a slow, lumbering institution, the identification stage can take over a year.

Preparation Stage : This stage begins after a project's incorporation in the country's lending program. Its purpose is to define objectives, identify issues & problems, and set a timetable for further processing. Preparation considers the full range of technical, institutional, economic and financial conditions necessary to achieve the project's objectives. It often involves economic and sociological studies and feasibility studies regarding particular

IS BANK NEUTRAL ?

The Bank claims to be 'neutral' and decisions are taken on the basis of pure economics. In reality its an excuse to enthusiastically supports corrupt, rightwing regimes and colonial governments.

- As per the 1947 agreement, the World Bank functions as an independent agency of the United Nations. It is required to conduct its activities in consonance with decisions of the United Nations. In December 1965, the UN Assembly passed two resolutions calling upon the World Bank to deny any assistance to the governments of South Africa and Portugal because of their respective aparthied and colonial policies in Africa. But, the Bank refused to comply with the UN resolutions and continued to approve loans to both South Africa and Portugal.
- In 1947, the Bank sanctioned a loan of $195 million to Netherlands which had then unleashed a war against anti-colonial nationalists in Indonesia.
- When Chile's left-wing government of Salvador Allende was elected in 1971, the Bank effectively stopped all loans. Funding was resumed shortly after the 1973 CIA backed military coup.

solutions proposed. This work normally takes one to two years.

Appraisal Stage : The appraisal stage is its sole responsibility. It involves an evaluation of the technical, institutional, economic and financial aspects of the project. The appraisal report sets forth findings & recommendations for terms & conditions of the loan. Since the Bank staff is closely involved in its identification and preparation, appraisals rarely result in rejection.

Negotiation and Board Approval: This stage involves the drafting and negotiation of the legal documents which deal with all of the issues raised prior to and during appraisal. On completion of negotiations, the appraisal report, amended to reflect the consensus reached is presented to the Board of Executive Directors together with the President's report and the proposed loan documents.

Implementation Stage : The responsibility for project implementation is that of the borrower. The Bank's role is to supervise implementation to ensure conforming to project specification. In 1992, two internal bank reviews identified important problems in project implementation and its evaluation by the Bank. The June 1992 report of the Morse Commission established to investigate the Sardar Sarovar Dam in the Narmada Valley of India, found serious flaws in the project's resettlement & rehabilitation besides and in its environmental impact. The September 1992 report of the Portfolio Management Task force headed by Willi Wapenhans confirmed on a broader basis many of the findings of the Morse Commission.

Evaluation Stage : The final step in the project cycle is an *ex post audit* by the Operations Evaluation Department (OED), a division of the Bank which is separate from the operating staff and reports directly to the Executive Directors. After Bank funds have been fully disbursed, the Bank project staff prepare a completion

Austerity begins at Home !

- The World Bank President, Mr. Lewis Preston gets Rs 90,00,000 ($3,00,000) as salary and perks every year.
- The World Bank earned a profit of Rs 2100 crore in the first half of 1993.
- For every dollar the US government has paid into the World Bank, the US private sector has received $1.19 in contracts for Bank financed projects.
- There was a net transfer from all borrower countries of about $2 billion to the World Bank in 1992.
- World Bank directors recently approved a 6.2% increase in staff remuneration (salary+benefits) to an average of US $1,23,000. This increase in wages comes in face of decreasing performance as evaluated by internal and external reports.

Source: The World Bank (1993)

report which assesses the degree to which the goals and estimates set forth in the appraisal have been met. The OED prepares an audit report and both the audit and completion reports are submitted to the Executive Directors.

TYPES OF LOANS

The World Bank has three types of loans facilities listed below :

Project Loans

Traditionally, the World Bank has been giving loans to specific projects of the member countries. In 1987, the combined lending of the World Bank to the energy sector was 21%. Most of it finance big hydroelectric dam projects (such as Narmada and Subarnarekha in India), coal mining projects, transportation projects like roads, agricultural, telecommunications, industrial and urban development projects.

Sectoral Loans

These loans have been increasingly given by the bank in 1980s as countries in the third world grapple with debt problems. Although these loans are still project oriented, only a part of the money is used to meet the costs of specific projects while the rest goes to support policy changes in the relevant sector. For instance, a part of the loan for the energy sector would be used in some specific project say a thermal power project but the rest will be disbursed against changes in the policies of the energy sector such as cut in subsidy for electricity, greater role for private companies in exploration and development of natural gas and oil, etc. Such sector-wise policy changes are the distinctive feature of sectoral adjustment loans.

Structural Adjustment Loans

These loans are completely delinked from projects and disbursed quickly against commitment to carry out major economic policy changes. As in the case of IMF loans, the SAL programmes require the borrowing country to make policy reforms, albeit fundamental institutional changes. The World Bank has given more SAL loans in the 1980s and is committed to providing more loans of this kind during the 1990s. In 1988, 27% of total bank lending was in the form of SAL. In December 1991, India received US $8 billion from the World Bank under the

Thrust of the World Bank

1950s-60s:	basic infrastructure (energy, telecommunications, mining and commercial farms)
1970s :	"equity" (education, population, health, nutrition, urban development, water supply and sewage); development of finance companies and small enterprises;
1980s :	non project lending or structural adjustment lending
1990s :	poverty reduction.

structural adjustment loan. These loans are designed to support a greater reliance on market forces, cuts in government price interventions and subsidies, greater reliance on private sector as compared to the public sector and a liberalised trade policy. More than seventy countries of the world have received structural adjustment loans from the Bank. ■

Report Card of the Bank

■ Amount of money lent by the World Bank since 1947	:	**$312 *bn***
■ Number of employees at the World Bank	:	**7000**
■ Percentage of employees that are in the Environmental Departments	:	**2**
■ Amount of total World Bank energy expenditures used on efficiency and conservation	:	**1%**
■ Number of World Bank projects which had successful population relocation	:	**0**
■ Percentage of Bank projects involving forced relocation which did not have resettlement experts	:	**75%**
■ Percentage of 1991 World Bank projects deemed as unsatisfactory in the Bank's internal report	:	**37.5**
■ Percentage of World Bank presidents who were US citizens	:	**100**

[illegible]

In 1992, IBRD and IDA lending reached a combined total of $21.7 billion. The Bank's assistance to the poorest countries totalled $10 billion: $4.8 billion from IBRD and 5.2 billion from IDA. The structural adjustment lending amounted to $5.8 billion or 27% of all the assistance in 1992. India is the top receipient of IDA credit and second of IBRD credit.

The Bank-India Relations [1944-1994]

India's involvement with the World Bank dates back to its earliest days. India was one of the 17 countries which met in Atlantic City, USA in June 1944 to prepare the agenda for the Bretton Woods conference, and one of the 44 countries which signed the final Agreement that established the Bank. In fact, the name "International Bank for Reconstruction and Development" [IBRD] was first suggested by India to the drafting committee. The Indian delegation was led by Sir Jeremy Raisman, Finance Member of the Government of India and included Sir C. D. Deshmukh (Governor of the Reserve Bank of India, later to become India's Finance Minister), Sir Theodore Gregory (the first Economic Advisor to the Government of India), Sir R.K. Shanmukhan Chetty (later independent India's first Finance Minister), Mr. A.D. Shroff (one of the architects of the Bombay Plan) and Mr B.K. Madan (later India's Executive Director in IMF).

The Bank lending to India started in 1949, when the first loan of $34 million was approved for the Indian Railways. The first decade of the Bank's lending to India (1949 - 1959) saw just about 20 loans for a total amount of $611 million. During the years 1960-69, overall lending to India from the Bank rose to $1.8 billion, about three times the level in the previous decade. Between 1970-79, there was a large increase in the absolute volume of IDA lending and the IDA share in total Bank assistance reached a high of 80% in this decade. However, in the 1980s, India's share in total IDA lending declined to 25% and was updated by the more expensive WB lending. The volume of the WB lending rose to $14.7 billion during 1980-89, almost 10 times the level of $1.5 billion in the previous decade.

50 Years : An Assessment

The aggregate of the Bank's lending in India in the last 45 years was approximately $42 billion. India is the single largest borrower of WB and IDA. India has claimed about 15% of total World Bank lending—9% of WB and 28% of IDA commitments.

The 50 years (1944-94) of relationship between the Bank and India clearly shows certain trends. In the early years of

relationship, the Bank involvement was not direct and visible as compared to 1980s and 90s. In the initial years, the Bank closely collaborated with the more active USAID to force policy changes. In fact, an unholy alliance of USAID, the Bank, the IMF and Transnational Corporations (TNCs) worked hand in hand to pursue economic changes. However, after the 80s, the Bank along with the IMF has started a direct and visible role in India's policy making.

Nevertheless, there has been continuity in the basic philosophy and ideology of the Bank over the past 50 years. The philosophy of diluting the basis of economic planning, dismantling of public sector, encouragement to private sector (both national and foreign), and greater emphasis to market forces has been forcefully articulated by the Bank since 1950s. The Bank has been proceeding in a methodically manner to force India to accept its philosophy.

IBRD-IDA Nexus in India

[Figures in %]

Years	IBRD	IDA
1949-59	100	—
1960-69	27	73
1970-79	20	80
1980-89	62	38
1990-93	53	48
1949-93	51	49

Source: The World Bank [1994].

The Bank created conditions so that the Planning Commission was relegated to the background in the late 1960s. During the oil shocks of 1973 and 1980, the Bank was able to push forward its ideology of market forces with great impetus. By 1990, the entire economic environment was made conducive for foreign capital to clay a leading role in tapping emerging markets of middle class consumers in India. And the foreign exchange crisis of 1991 provided the oportunities to the Bank to clinch this objective through structural adjustment programme. The past 50 years of Bank operations in India clearly reveals that the Bank has exploited the foreign exchange crisis periods. So far, India has faced five major foreign exchange crisis (1957, 1966, 1973, 1980, 1991). In each crisis period, the Bank did not miss the opportunity to force its ideology on the government of India. In the following paras, we will understand in details how did this happen.

The Bank was influential in India's policy-making right from the early years of Independence. In 1949, the Bank sent its first Mission to survey the potentialities of the Indian economy. Following this, Prime Minister, Jawahar Lal Nehru submitted a special policy statement on foreign capital to Parliament on April 6, 1949. It remains the only document where the role and place of foreign capital in India is stated in explicit terms. It also marked a retreat from the Industrial Policy Statement of 1948. It included the following principles:

- Existing foreign interests to be given 'national treatment'.
- New foreign capital would be encouraged. "government would

frame policies to enable foreign capital investment on terms and conditions that are mutually advantegeous".

- Profits and remit-tances abroad to be allowed.
- Although majority ownership by Indians was preferred, "Government will not object to foreign capital having control of a concern for a limited period, if it is found to be in the national interest.

The above liberal principles towards foreign capital were fully implemented in the following year's (1949-50) budget. It provided depreciation allowances and income-tax exemption to a wide range of foreign companies. As a follow-up, in 1949-50, the Government fully abolished capital Gains Tax, while the Business Profits Tax, Personal Income-Tax and Super Tax were reduced in 1950-51 budget. All these concessions and commitments to foreign capital were incorporated into the Industrial Development Regulation Act, 1951.

Meanwhile, the World Bank began to intervene in Indian economic affairs in a significant manner. A second World Bank mission visited India in mid-50s. On the basis of its instructions to facilitate the close integration of private capital with foreign capital, the Nehru Government established the Industrial Credit and Investment Corporation of India (ICICI) in January 1955.

However, the Government announced the Industrial Policy in 1956. This policy was a major departure from the early industrial policy of 1948. While the 1948 statement had given private sector ten years to operate before being nationalised, the 1956 policy marked out the areas in which private sector could expand in an uninhibited manner.

Shortly there-after, the Nehru government earnestly began to flout its own industrial policy. For instance, of the 17 industries listed in Schedule A of the Industrial Policy Resolution, "industries the future development of which will be the exclusive responsibility of the state (and in which) all new units will be set up only by the state", at least seven were opened to MNCs through joint ventures. Schedule B industries which according to 1956 Industrial Policy, were to be progressively state-owned, 12 industries were listed. Out of 12, private sector set up units in 9 industries.

"The Bank welcomes the arrangements that have been made to associate foreign firms with the construction and operation of a large number of major undertakings, both in the public and private sectors".

Eugene Black, The World Bank President, 1957

Although the private sector also benefitted from changes in the official policy the real beneficiaries were foreign companies. Foreign private capital

flowed in larger volumes.

The form in which the World Bank wanted foreign capital to participate in the Indian economy was made clear when the Government had sought the Bank's assistance for financing the Rourkela Steel Plant in 1956. The Bank insisted that the German collaborators supplying technology should have more leverage than had been offered. The negotiations fell through and evidence suggests that the reason for the Indian government to adopt a strong position at that juncture was due to avialability of adequate foreign exchange.

The Bank and 1957 Forex Crisis

Until the foreign exchange crisis of 1957, after the sterling balances accumulated by the country in the post-Korean war boom had plummetted, there was no conservation of foreign exchange. There was no foreign exchange budgeting as the country embarked on the Second Five Year Plan. Nevertheless, the heavy import requirements of the private sector and government's liberal licensing policy resulted in a huge trade deficit. Therefore, the government was forced to recognise the foreign exchnage shortage. The Government had to approach the IMF for a stand-by arrangement in February 1957 but even this was exhausted by June 1957. Thereafter, the Government approached the United States and the Bank for loans. In September 1957, Prime Minister, Nehru said that India would welcome a US loan of $500 to 600 million. He sent his finance minister, Mr T.T. Krishnamachari to the US to explore the prospects for such a loan.

Ten days later, a policy directive issued by the Director, USAID announced that no economic aid would be available for the state-owned industrial and mining enterprises except in rare cases.

The World Bank echoed American criticism that the Plan was 'over-ambitious'. The Bank President Eugene Black addressed a letter to the Indian Finance Minister urging the Indian planners to give more scope to private enterprise and more incentives to foreign private investment.

Mr Eugene Black commented :

"The Bank welcomes the arrangements that have been made to associate foreign firms with the construction and operation of a large number of major undertakings, both in the public and private sectors, but hopes that more positive measures will be taken to

"The 'socialism' contemplated in India does not, by any stretch of the imagination mean communism; it does not mean state capitalism....It is a system under which private competitive enterprise has and will continue to have a vital role to play; it is a system which respect private property and provides for the payment of compensation if such property is acquired by the state. I submit there is nothing in the system which should be repugnant to the social conscience of the USA"

T.T. Krishnamachari, India's Finance Minister in USA, 1957.

facilitate foreign investment and that consideration will be given to the suggestions made by the Mission in its Memorandum".

Mr Black further cautioned the government in forceful words:

"In making my own comments, I should like first to emphasize once again that India's interest lies in giving private enterprise, both Indian and foreign, every encourage-ment to make its maximum contri-bution to the development of the economy particularly in the industrial field. While I recognise, that the Government of India itself must play an important role in India's economic development, I have the distinct impression that the potentialities of private enterprise are commonly under-estimated in India and that its operations are subjected to unnecessary restrictions there"

In response to this criticism by the World Bank President, the Government, sent a high powered team to USA. The team led by Finance Minister Krishnamachari, and which include the RBI governor H.V.R. Iyengar stated in New York: *"The 'socialism' contemplated in India does not, by any stretch of imagination mean communism; it does not mean state capitalism......It is a system under which private competitive enterprise has and will continue to have a vital role to play; it is a system which respects private property and provides for the payment of compensation if such property is acquired by the State. I submit there is nothing in the system which should be repugnant to the social conscience of the USA".*

Source: World Bank Courtesy: Viney

The process of diluting the Industrial Policy Resolution continued unabated. Violating the '51 percent rule' (the regulation that majority ownership should be in Indian hands as far as possible) licence was given to Ceat Tyres of India Ltd, in 1958 on a 60 : 40 Italian-Indian basis. In the meanwhile, as desired by the US MNCs, the Indo-US convertibility Agreement was signed on September 19, 1957, and the first of a series of tax concession to MNCs were made affecting salaries (May 1957) wealth tax (July 1957) and super tax (September 1957).

It is noteworthy that the Bank established its Resident Mission in Delhi to monitor the latest developments in 1957. All these steps were

culminated in the formation of Aid India Consortium (AIC) in 1958 with World Bank as Chairman.

Satisfied with these policy changes, the AIC provided the first large injection of credit to India, more than $600 million from the US, West Germany, Britain, Japan, the World Bank and the IMF. And thereafter, the influence of western capital steadily increased.

As a consequence of this, the shares of several companies were sold to MNCs in lieu of machinery, raw materials, patents, knowhow, etc., supplied by them and made partners in several existing firms. In addition collaboration agreements both financial and technical proliferated. The total number of foreign collaborations approved in 1948-58 was 550 (i.e., an average of 50 collaborations per annum), it rose to 150 in 1959, 380 in 1960 and 403 in 1961. The MNCs were invited to take up the more profitable state/reserved (based on 1956 Policy Resolution) industries, in heavy electrical equipment, fertilisers, pharmaceuticals and rubber. In August 1958, the largest pharmaceutical firm in India—the Hindustan Antibiotics collaborated with *Merck & Co. Inc.* of the US.

By the end of the 1950s, foreign control in plantation and agro-industries was near total. The most concentrated MNC interest was in the tea industry, 80% of the acreage under tea was foreign (British) controlled, the bulk of this in North-East India. According to an estimate, 13 leading British firms controlled three quarters of North-East Indian tea production. All processing factories were foreign controlled as late as 1960. Two British firms *Lipton (Unilever Concern), and Brooke Bond (Finlay)* handled 85% of retail distribution of tea within India and the export trade remained very much a British monopoly. In the 50s, one-third of the acreage under coffee and three-fifth of the area under rubber was foreign controlled. Regarding agricultural machinery, the entire field was a foreign preserve. *Davidson of India (Private Ltd.)* subsidiary of *Belfast* firm controlled tea machinery. In 1960, it was envisaged to produce 10,000 tractors in the public sector. But the task of producing 7000 was entrusted with *Tractors and Farm Equipment Ltd.*, Madras controlled by *Massey-Fergusson. International Harvestor Co.* of Chicago and Danish controlled *East Asiatic Co.* (India) Private Ltd., controlled other agricultural machineries like tillers. Mining was controlled by several MNCs like *Andrew Yule, Macneill and Barry, Jardine Henderson* (Coal), British controlled *Copper Corporation (Copper and Krebs and Pennoria of France (Lead),* etc.

A World Bank mission headed by Bernard Bell visited India in 1964 and issued a report calling for the devaluation of the rupee and abolition of many of the foreign trade controls.

Total outstanding foreign investment in India more than doubled from December 1956 (the first crisis) to March 1965 (the second), from $1,007

million to $2.014 billion. As a result, the priorities set by the Second Plan were systematically reoriented in favour of industries in which foreign companies were willing to finance.

The Indian Government had become increasingly dependent on large amounts of external assistance from the Aid India consortium to finance its import-surplus strategy. No bones were made about this in the formation of the Third Five-Year Plan (1961-66) which was explicitly dependent on huge inflows of fresh aid.

According to a report in Economic & Political Weekly, January 7, 1961 the US Government made available its Development Fund to India in the context of Government of India's announced intention to enlist the co-operation of MNCs in the manufacture of fertilizers. In 1962, the Government of India allowed the Ford Foundation to conduct a campaign for bringing US MNCs and Indian businessmen together to establish fertilizer plants in the private sector. Consequently, over one quarter of

From Economics to Geo-Politics

Although Bank claims to work on the principle of pure economics, it played an active role in the geo-politics of India and Pakistan. In 1952, the World Bank offered to mediate in the dispute between India and Pakistan on the sharing of the Indus river basin waters. Both accepted the offer and after 8 years of negotiations, Sir W.A.B. Iliff, the Bank's mediator got India and Pakistan to sign the Indus Water Treaty in September 1960.

Signing of the Indus Waters Treaty: Jawaharlal Nehru, Mohammed Ayub Khan and W.A.B. Iliff

target capacity was allocated to MNCs in the Third Plan.

At the request of the Nehru government, in 1960 the World Bank sent a Mission composed of three bankers from US multinational banks. On the basis of this Mission's report, under instructions of the World Bank, in February 1961 the government of India inaugurated the Indian Investment Centre. It was an autonomous high-powered body with branches in World capital markets such as New York, Dusseldorf, London and Tokyo to advise collaboration ventures between MNCs and their junior Indian partners.

The Bank and 1966 ForexCrisis

Due to heavy dependence on external aid, imports and the growing burden of outward remittance of profits of foreign companies, the next foreign exchange crisis occured. This crisis coincided with the succession crisis followed by Nehru's death. At this time, the World Bank became more critical of the direction of Indian economic policy. A World Bank mission headed by Bernard Bell visited India in 1964 and issued a report calling for the devaluation of the rupee and abolition of many of the foreign trade controls then in effect. It said "There is no particular evidence that the licensing system has in fact served any positive economic purposes. It has, like the Import control system, protected and preserved inefficiency by, in effect, allocating market shares and restraining the growth of more efficient enterprises." India's first answer to Bell's recommendation was defiance. T.T. Krishnamachari was again the Minister of Finance but this time he picked up the gauntlet thrown down by the Bank and insisted that devaluation was not the answer. However, the Indo-Pakistan war in 1965 led to an abrupt suspension of American aid to India. In early 1965 Nehru's successor, Lal Bahadur Shastri died abruptly in Tashkent, USSR.

The Bank & Devaluation

Mrs. Indira Gandhi was chosen the new Prime Minister of India. The new government immediately softened the hardline towards the Bank and its western creditors. Mr Krishnamachari was removed from the Finance Ministry for his opposition to the Bank's insistence on devaluation. The Planning Minister, Ashok Mehta, with some socialist leanings, paradoxically, became an active supporter of the Bank. The following year, the Prime Minister, Planning Minister and the new Finance Minister visited Washington. When Mrs. Gandhi went to Washington she was informed that resumption of Aid—which was cut off as a result of war with Pakistan—was dependent on India coming to terms with the World Bank. The United States made the bank its intermediary and arbiter with respect to aid to both India and Pakistan. From its past role as fund raising organiser and chairman of AIC, the Bank moved into a more active role in evaluating Indian and Pakistani economic plans and advocating, economic reforms a al the United States.

The Bank's recommendations,

The Bank's Involvement in India

[US $ millions]

Sector	upto 1966	1967-1979	1980 onwards
Railways	617.26	526.33	1070.70
Roads	72.11	Nil	910.60
Ports and shipping	85.09	84.69	250.00
Telecommunications	90.43	419.22	659.00
Power	283.61	1247.00	7878.70
Mining & Exploration	35.00	150.00	3854.30
Urban development and Water Supply	Nil	548.00	1914.10
Population	Nil	21.20	445.30
Others *[includes Education, Vocational Training, Nutrition, Integrated Child Development programme, Human Resource Development]*	Nil	12.00	1458.40
Industrial Imports	597.99	970.33	Nil
Industrial Exports	Nil	Nil	210.00
Fertilizers	Nil	1093.13	505.80
Steel	208.50	Nil	Nil
Other Industries *[include Newsprint, Petrochemicals, Cement, Electronics, Technology development and Industrial Pollution Control]*	Nil	Nil	1833.60
Irrigation	94.13	1208.15	3687.22
Agriculture	10.00	1684.73	3216.27
Total	2,094.12	8,995.02	27,893.99

Source : The World Bank

echoing the Bell Mission report, were for a devaluation of the rupee accompanied by dismantling of the plethora of import controls and export subsidies. The government announced devaluation of rupee by 37.5% (from Rs 4.75 to Rs 7.50 to a dollar) and the associated import liberalisation measures in June 1966. When the Finance Minister was asked why the government had not waited another six months to see whether a good monsoon might make the devaluation unnecessary. He replied, *"If we had waited another six months, we could have had absence of imports in India"*. The implication was that aid was made conditional on the devaluation. According to him *"action could not be postponed because all further aid negotiation hinged on it."*

However, the devaluation package did not yield results. The expected boost to exports did not materialise, instead

they declined. The reasons were obivous. The previous structure of import tariffs and export subsidies had amounted to a de facto devaluation by raising the prices of imports and lowering the prices of exports. A Post-mortem declining exports decline confirmed suspicion that exports suffered due to abolition of subsidies and gained little from the devaluation.

Two days after the devaluation was announced, the World Bank called an urgent meeting of the AIC in order to raise $900 million in non-project aid which was promised. But failed, as the consortium members failed to pledge the necessary amounts. Even five months after devaluation, India had received only $465 million of the promised amount. The project and non-project aid fell from $1.6 billion in 1966-67 to $0.64 billion in 1967-68 and $0.76 billion in 1968-69, as against $1.7 billion per year promised by the World Bank. This led to sharp criticism of Government's policies by many political groups in India. *"You sold the country and have not even got the price"* a parliamentarian accused the government. Thus, the devaluation became very unpopular in India. The unpopularity of the devaluation was believed to be a reason of defeat of the Congress Party in 1967 general election. In response to public criticism and on aid disappointment, Mrs Gandhi took a sharp swing to the left by abolishing privy purse and nationalisation of banking and insurance sectors. She also signed Indo-USSR treaty to show her displeasure with the western world. This created a very popular image of Mrs Gandhi.

Subsequently, she fought and won a battle for control of the Indian National Congress in 1969 and opted for hardline against the World Bank and US pressures. The slogan of self-reliance, almost forgotten in the decade—1956-66 had become a favourite phrase once again.

The Post-1966 Period

India's dependence on the Bank and other creditors reached a high in 1966 when the Fourth Five Year Plan, supposed to begin in 1966, had to be postponed for 3 years for obivous reasons. The plan was dependent on uncertain external aid to allow the execution. As a result of this dependency, the Bank sent a second Bell Mission in 1967. Its recommendations were supportive of the Green Revolution which was already underway in India. This strategy aimed at the creation of a stratum of prosperous capitalist farmers and use of expensive commercial inputs such as chemical fertilisers. The Bank exerted direct pressure during the 1966 exchange crisis for obtaining favourable conditions for foreign investment in India's fertiliser industry.

With the nationalisation of coal and oil industry in the 1970s, this option for private foreign capital was foreclosed. But this move did not affect the area of influence of foreign capital. In the post-independence period, foreign companies were moving away from their traditional sectors of investment, i.e., extractive and

Is This Development Forum ?

Nearly 36 years ago, the World Bank set up the Aid India Consortium (AIC) because of the red scare. The Bank was convinced that if India was not assisted quickly and substantially, communism would sweep the land-which the western donors could ill-afford after the Chinese revolution just a decade ago.

With the collapse of the socialist world, the World Bank has now little reason to be worried. In the changed national and international scenario, the Aid India Consortium will be now called as India Development Forum (IDF). Earlier, the participants in the AIC were donor countries led by the World Bank. For the first time, the transnational corporations and Indian private sector representatives were invited by the Bank to the IDF meeting at Paris during June 29-July 1,1994. In this meeting, over 90 representatives of big corporations and banks from US, Britain, Japan, Canada, Hong Kong, Germany and Switzerland were joined by another 15 from India.

For three days, these representatives discussed the economic reforms and pledged a $6 billion package to support the structural adjustment programme. As the name of Development Forum suggests that development issues will be discussed in such a forum, one is surprised to know that only aid and financial issues were discussed in this meeting of Forum. This clearly shows the reductionist approach of the Bank and donor agencies who see development only in terms of aid and finance. Basic issues like removal of hunger and poverty were not, at all, discussed in Paris meeting. "Poverty is not something businessmen like to talk about" said Mr. M.S. Ahluwalia, the leader of Indian delegation at Paris. He is absolutely right. Why should TNCs talk about the poverty ? The TNCs are only interested in profits. When asked by journalists, he even could not remember the percentage of the Indian population living under the poverty line.

While many of the donors especially Japan expressed their fears about the growing opposition and "political challenges" ahead for the adjustment programme, the Indian delegation assured them that there is a political 'consensus' in India.

Bank Representative in India

Antonin Basch
1957-1959

Harry O. Curran
1959-1961

Benjamin King
1963-1965

William M. Gilmartin
1967-1970

Orville J. Mcdiarmid
1970-1972

William M. Gilmartin
1972-1975

Jochen Kraske
1975-1979

Jean-David Roulet
1979-1983

Bevan Waide
1984-1988

Jochen Kraske
1988-1991

Oktay Yenal
1991-1994

Javed Shirazi
1994-till date

trading activities. The manufacturing sector gained prominence during this period and adopted priorities set by developed countries. Thus foreign private capital was taken as inescapable by the policy makers.

The table on page 18 shows that over the last 45 years, certain sectors have been the focus of the Bank's abiding concern. Progressively over the years, it has, therefore, been pumping aid into these sectors which are power, mining and exploration, irrigation, agriculture and, to some extent, telecommunications and railways. The table not only shows a secular increase in World Bank funding to these sectors, but also during 1980s—the beginning of India's *"dance to freedom"*.

It is evident that the increase of Bank loans is phenomenal by any count ranging from 200% to over 2500%. More so in the case of agriculture, irrigation and power where even the preceding period shows a phenomenal increase.

In Irrigation and Agriculture, a closer look at the disaggregated project list shows minimal Bank loans till 1960s, with the solitary exception of one IBRD loan of $10 million in 1949 towards agricultural machinery.

It is not too far fetched to see the post-1980 period of the Bank's loans and aid was one of preparation for the grand and royal entry of foreign capital. By building up infrastructure—power generation, mining and exploration of new reserves, proper roads and rail facilities, trained technical manpower, etc. In fact, the the Bank and the IMF inspired policies have facilitated a new phase of the operation of foreign capital in India. This phase of economic liberalisation began in 1980 with the SDR 5 billion loan from the IMF. It weakened the real economy, created the preconditions for export orientation and facilitated the recomposition of the industrial sector in subordination to world capital. This was followed up by another wave of liberalisation which included devaluation, lifting of trade barriers and greater impetus to foreign capital and market forces in India. ■

All the Bank's Men

In recent years, most of the key postions in the economic policy establishment in India has passed into the hands of ex-World Bank officials. This list includes the present Finance Secretary, Mr. Montek Singh Ahluwalia; Chief Economic Advisor to the Government of India, Dr. Shankar Acharya; Economic Advisor in the Finance Ministry, Mr. Percy Mistry; Chairman of Economic Advisory Council to the Prime Minister, Dr. Bimal Jalan who recently joined as India's Executive Director in the World Bank; Economic Advisor in Ministry of Industry, Mr Rakesh Mohan; and Economic Advisor, Ministry of Finance, Mr Jayanto Roy.

The Bank and the Singrauli Projects

Since 1960, the Singrauli region in central India has witnessed large-scale developmental activities. It includes power, mining projects, chemical plants, fertilisers, pesticides and aluminium industries.

A common feature of these developmental projects has been excessive dependence on foreign aid—both multilateral and bilateral. The World Bank has been the lead financier in this region. Since late 1970s, the Bank has laid the ground for a number of bilateral donors from Japan, Norway, Sweden, Germany and erstwhile USSR.

Since 1977, the Bank committed loans to this region totalling $850 million for construction of Singrauli (Stage I and II) power project, development of Dudhichua coal mine and transmission lines for Rihand power project.

The Bank's huge investment alongwith other bilateral funding in the region resulted in a massive displacement of the local population from their lands, culture and skills productive resources which provided means of subsistence for the predominantly tribal population. Many of the oustees underwent multiple displacement from various projects within a span of 25 years. Estimates of displaced persons varies between 2,00,000 and 3,00,000.

Till date, the Bank and project authorities do not have cared to collect the exact number of persons displaced by the projects and the figures cited in different documents do not tally. The Bank's various projects were believed to have displaced nearly 23,000 persons since 1977.

According to the latest Bank review titled "Resettlement and Displacement-1994" the revised estimates of displaced persons in Singrauli I and II alone is 49,000.

Inspite of such colossal investment and displacement, no significant efforts were made by the Bank to address the problem of proper rehabilitation of these oustees. Years

The Bank in Singrauli

Projects	Type	Amount (US$ million)
Singrauli I	IDA	150
Singrauli II	IDA	300
Rihand Power Transmission	IBRD	250
Dudhichua	IBRD	151
NTPC Power Project *(incl. Singrauli)*	IDA	400

Source: The World Bank 1993

The huge investment by the Bank alongwith other bilateral funding in the region has resulted in massive displacement of the local population from their lands and productive resources.

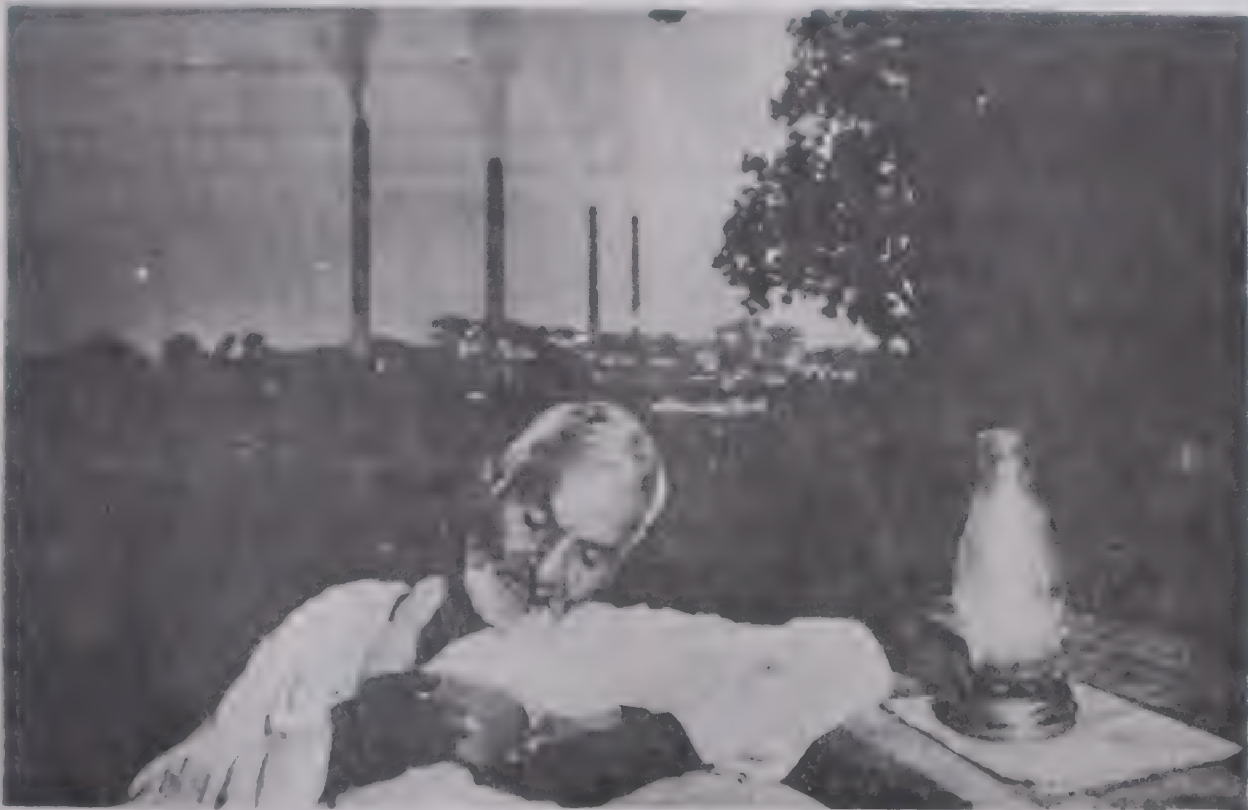

Photo Credit : Prashant Panjiar/India Today

after the loans have been sanctioned and disbursed, the oustees still continue to live in crowded, unhealthy and ill-equipped resettlement sites. Many oustees are still awaiting cash compensation promised by the project authorities. Very few oustees have been fortunate enough to get permanent employment in the projects. The mess of rehabilitation is reluctantly accepted and casually explained away by the Bank officials as if it were a thing of the past, a characteristic of yester years when rehabilitation consciousness was not high. This only demonstrates that the Bank is knowingly covering up for the borrower institutions gross neglect of rehabilitation. Reports of several studies sponsored by the Bank also admit that poor rehabilitation is not a matter of the past. In fact, in 1993 during the presence of the World Bank executed study team in the Singrauli region, a number of houses in Nimiadand were bulldozed and oustees forced to move without adequate arrangements. This was documented in one of its main reports.

The benefits of these power projects have yet to reach the oustees who have paid a heavy price for development. Many of the oustees still do not have access to electricity produced in the region.

The benefits of these power projects have yet to reach the oustees who have paid a heavy price for other development. Ironically enough, many of the oustees still do not have access to electricity produced in the region! Most of the electricity generated by the plants is consumed by cities like Delhi or reaches even far off places like Goa. Besides, thousands of hectares of fertile lands have been converted into waste land for disposal of nearly six million tons of flyash generated every year by all the thermal power projects in the region. This, in the foreshore region of the Rihand reservoir.

Moreover, recent studies found none of the ground water samples meeting drinking water standards with mercury, cadmium and particulate contamination reported in wells of Anpara-Shaktinagar. Air pollution is significantly high—as much as 50% of the population of Bina mining area were found to be affected by pulmonary diseases, according to a health survey carried out as part of a World Bank sponsored study.

Despite the poor environmental and rehabilitation record of Bank funded projects, the Bank in June 1993 cleared the $ 400 million loan to NTPC. A major part of this loan is meant to be utilised for 2000 MW capacity addition in two of its plants at Singrauli.

Despite the poor environmental and rehabilitation record of the Bank funded projects in June 1993 it cleared the $400 million loan to NTPC. A major part of this loan was meant to be utilised for 2000 MW capacity addition in two of its plants at Singrauli. Besides, the region is set to see the investment of a few hundred million dollars worth of World Bank loans for expansion of the Dudhichua mines and laying of a transmission network. The other portion of the loan is to be used for effecting structural changes in NTPC to make it a commercially viable organisation.

Since June 1993, when the loan was sanctioned, the NTPC has been under severe pressure from the Bank to recover its oustanding dues from State Electricity Boards. Under worldwide criticism for its poor record of environmental protection and rehabilitation of oustees, the NTPC came up with a new rehabilitation policy. This new policy was approved by the Bank and Indian government in 1993. However, the new policy makes no promises of jobs to the oustees and while there is provision for land-for-land, the policy finds the availability of land problematic. Besides, the policy will, in the first instance, be only applicable to the oustees of the new projects, who are fewer in number. The oustees of earlier projects will have to await fresh socio-economic surveys They will determine whether they have really lost their former standard of living after displacement. ■

The Bank and B. P. D. Project

In the name of tribal development, the World Bank has launched a huge project named, "Bihar Plateau Development Project"(B.P.D.P.) in the tribal region of Bihar. This project is meant to promote 'sustainable development' and 'improve' living standards of poor tribals in this region through construction of roads, irrigation and agricultural development and drinking water schemes. Incidentally, this project was approved in the International Year of the Indigenous Peoples.

The Bihar Plateau

The Bihar Plateau lies in the region popularly known as *Jharkhand* (land of forests). The plateau comprises of two separate regions the Chotanagpur plateau and the Santhal Parganas. The plateau is the richest region in terms of minerals, metals and natural resources.

Nearly 40% of the minerals, metals and coal deposits of the country lies in this plateau. Apart from being the richest region, this plateau is the homeland of Santhals, Mundas, Hos, Oroans, Bhumjis and several other tribal communities. For over four decades, this plateau is a target of continuous exploitation and appropriation at the hands of outsiders. In the name of develop-ment, various large-scale industrial, mining, irrigation and power projects were launched in this plateau. These include Tata Iron and Steel Company, Heavy Engineering Corporation, Suber-narekha Dam Project, Chandil Power Project, etc. But the benefits of these projects have accrued to big corporate houses such as Tatas and Modis, transnational corporations such as Metchem of Canada, and financial institutions like International Finance Corporation (IFC) of the World Bank. Only a handful of local people benefitted from these developments in the shape of menial jobs, at that.

The Latest Assault

The latest assault is in the form of BPDP, which will transform the entire plateau into a 'global farm'. This is not the first but the latest WB project funded to develop the tribal region.

While recommending Rs 350 crore ($117 million) credit for the B.P.D.P., Mr. Lewis Preston, President WB, acknowledged the poor performance of the Bank-funded projects in this plateau. He admitted that

> **The benefits of these projects have accrued to big corporate houses such as Tatas and Modis, transnational corporations such as Metchem of Canada, and financial institutions like International Finance Corporation of the World Bank.**

"Most of these projects have experienced implementation problems causing delays in disbursement and completion.. Problems include: delay in project mobilisation and procurement, poor quality construction and maintenance of infrastructure (irrigation, rural roads, etc.); inadequate preparation and implementation of resettlement and rehabilitation plans for affected families."

Interestingly, the B.P.D.D.P. is a part of the tribal sub-plan reduced to an area plan and other schemes. As a result, most resources are used for development of the region (such as roads, infrastructure development, etc.) rather than of tribals. The tribals directly benefit upto a mere 20% of the funding. The rest (80%) goes towards the development of infrastructure and maintenance of services. The direct beneficiaries are the big industrial houses, transnational corporations and local elites.

The Projects Links with SAP

Moreover, the B.P.D.D.P. has to be seen in the overall context of the structural adjustment prog-ramme launched recently in India under the dictates of the International Monetary Fund (IMF) and WB. The series of policy measures announced by the Government include privatisation, entry to transnational corporations, export-oriented economy growth agricultural development, cuts in subsidy, charging of user-fees for irrigation, education and health services and co-option of nongovernmental organisations (NGOs) to give a human face to destructive deve-lopmental projects a la B.P.D.P. This project calls for radical transformation of agricultural practices in this plateau through introduction of new hi-tech seed varieties, cultivation of cash crops, increasing use of chemical pesticides & fertilisers and charging of user-fees for irrigation and drinking water.

> **The B.P.D.P. calls for radical transformation of agricultural practices in this plateau through introduction of new seed varieties, cultivation of cash crops, increasing use of chemicals & fertilisers and charging of user-fees for irrigation and drinking water.**

It is well known that the tribals of Bihar Plateau have been cultivating food crops with traditional varieties of seeds preserved and developed by them over the generations. Even World Bank documents on this region acknowledge this fact besides use of human labour, absence of mechanisation, chemical & pesticides inputs etc. Cash crops cultivation in this region is almost negligible.

Entry of TNCs

With the introduction of new seed varieties in this plateau, the entire food crop cultivation (which consists of rice, sorghum and millets) will be transformed into cash crop culti-vation. The big transnational seed companies such as Cargill, Pioneer, Continental Seeds, Hoecsht and Merck are already looking for markets in the

northern states, especially Bihar. The farmers of this plateau are introduced to new seed varieties, through the active participation of Birsa Agricultural University and NGOs. A new development in the tribal agriculture will take place. The new varieties of seeds require irrigation facilities, regular use of chemical fertilisers and pesticides, use of tractor and other agricultural inputs, etc. This will ensure new markets to big business and transnational corporations involved in agro-chemicals, agricultural machinery businesses. The staple food based cultivation will be replaced by market oriented cultivation. 49% of B.P.D.P. funds are earmarked for construction of roads (1,200 kms) to ensure smooth delivery of agricultural products and livestock to newly developing markets and townships in this plateau. There is a special land law namely Chotanagpur Tenancy Act, 1908 which prohibits the transfer of tribal lands to non-tribals. But is observed more in the breach. A recent study of land alienation in Ranchi (a major town of the Bihar Plateau) shows that the tribals have been dispossesed of land on a large-scale by organised gangs and housing societies, allegedly for "public purposes". The market-oriented agricultural development of B.P.D.P. will force tribals to transfer land to big corporations and TNCs in the name of "economic efficiency" Eventually, the State Government will change the existing land laws to accomodate agri-business corporations. Consequently, the tribals will be left with no other option but to sell their lands to agribusiness corporations and migrate to cities. There are very few possibilities of tribals getting jobs in the mechanised farms of corporations because they are unskilled labourers. The significant impact of B.P.D.P. on Tribals would be through the introduction of cost-recovery schemes for drinking water, irrigation and other infrastructure facilities. No longer, these facilities will be available freely to tribal and non-tribal population residing in the Plateau. In fact, farmers will be asked to pay from their own pockets for the proper operation and maintenance of the schemes. The realisation that heavily subsidised agricutlure or agricultural inpusts needs to be balanced *a la* GATT-imposed drastic cuts is being accepted. The model per se and not the principle should be questioned unless there is a view point. This is a novel poverty alleviation scheme of WB by taxing the poor tribals to provide subsidised infrastructure and natural resources to big corporations! ■

A novel way of the World Bank's poverty alleviation scheme by taxing the poor tribals and doling out subsidised infrastructure and natural resources to big corporations!

The Bank and Agriculture Sector

Agriculture is the Bank's largest portfolio in any country. 130 agricultural projects have received $10.2 billion Bank financing so far in India. The current portfolio of about 30 projects under implemen-tation in India includes—irrigation, forestry, research and extension. And commercial agriculture includes dairy, rubber, sericulture, fish and shrimp cultivation.

The Bank funding to Indian agriculture began in the 1950s but was limited till the 1966 foreign exchange crisis. Then the Bank started supporting agricultural sector viz., fertiliser industry, ground-water exploitation through pumpsets, introduction of high yielding variety of seeds, and setting up of banking institutions to finance capitalist agri-culture. From 1977 onwards the Bank introduced Training and visit management systems for extension purposes to improve the adoption of new technologies imported from western countries. The Bank supported agricultural extension services in 17 states of India.

Agriculture is the Bank's largest portfolio in any country. 130 agricultural projects have received $10.2 billion Bank financing in India.

Sapping Indian Agriculture

There is a woeful lack of serious dis-cussion and debate among the policy-makers on the adverse impact of liberalisation and globalisation policies on agriculture . The policies imposed by the World Bank-IMF have a component directly affecting the agrarian economy. These policies have the following components :

- The gradual abolition of input subsidies on fertilisers, irrigation, electricity, credit etc.
- The removal of trade restrictions on agricultural commodities so that the domestic prices are not out of tune with world prices.
- A unification of prices so that the current system of dual markets in foodgrains and other agricultural commodities disappears.
- A drastic curtail-ment of food subsidy confining the Public Distribution System(PDS) only to the deserving poor;
- The removal of all restrictions on the choice of what to produce, where to sell etc.
- Freedom of operations for agri-business corporations.
- Abolition of land ceiling laws.

The World Bank views on agriculture can be found in two recent documents. The World Development Report (WDR) 1986, deals with the general issue of Trade and Pricing in World agriculture. The second volume

of the World Bank's 1991 Country Economic Memorandum for India, subtitled *'Agriculture-Challenges and Opportunities'*, is the latest bank document specifically dealing with Indian agriculture.

Third document of WDR avers that government interventions at all stages of production, consumption and marketing of agricultural products and inputs have resulted in greater inefficiencies, lower output and incomes. This report is silent on government's role in providing agricultural infrastructure, reforms in tenancy or ownership structures. It ignores the glaring fact that during the colonial period prices were in fact 'right' but agricultural performance was abysmal. The WDR concludes by claiming that getting prices right, cutting subsidies and liberalising world agricultural trade would make everyone happy and recommends its own adjustment loans and Sectoral Adjustment Lendings (SECALs).

So far, India has not taken any agricultural SECAL, and progress on the priorities identified by the Bank has also been slow. Nevertheless, food and fertiliser subsidies have been the target of the government. The committee on reforming the financial system (known as the Narasimham Committee) has recommended major reductions in the quantum of credit directed towards the agricultural sector by the public sector banks. Mercifully enough, Government of India unlike the World Bank, is not touting these measures as 'agricultural reform' but exercises at reducing the fiscal deficit and improving the profitability of the financial sector.

The Bank's Prescriptions

The Bank's 1991 Country Memorandum's recommendations are as follows :

- Reducing agriculture subsidies.
- Regaining control of public expenditure.
- Improving the safety net offered by food programmes while restraining costs.
- Initiating credit reforms to prevent the collapse of the agricultural credit system.
- Ending coercive marketing and trade restrictions.

The agricultural SECALs consists of these short term priorities, alongwith reduced coverage of PDS and the rural banking network.

Capital spending by the Union government is being slashed especially agriculture related investments. The effective decline in financial transfers to the States will affect their ability to increase or maintain investments in agriculture, a state subject. If any further disincentive to agricultural investment is required, this would be provided by the implementation of the recommendation of the Narsimham Committee that loan to priority sectors (including agriculture) to cut to only 10% of total bank-lending from 40% at present. This move is totally ill-conceived. Instead of reducing the subsidy element in the raised interest

rates, it seeks to cut the volume of agricultural lending and reduce the reach and coverage of the banking system in rural areas. All this will lead to further decline in investments in agriculture as in the last decade.

The performance of the agricultural sector is important for the overall success of government's economic strategy, since continues to be the largest employer. The boom sectors of the 80s—chemicals, consumer durables and high-tech services—have very little linkages to agriculture. Agricultural raw materials play a less significant role than industrial inputs. But the importance of agriculture cannot be wished away. The Government has yet to announce a national agricultural policy.

Devaluation and partial convertibility of the rupee have made the international prices of food much higher in rupee terms — almost 50% since June 91.

Paying the Price

The recent policy changes have affected the agricultural prices. The devaluation and partial convertibility of the rupee (wherein foodgrain exports and imports are at market rates) have made the international prices of food much higher in rupee terms (by almost 50% since June 1991), fuelling expectations of rising domestic food prices. Domestic food prices increased by almost 50% between 1991-93.

As almost all studies of poverty in India have shown a combination of rising food prices and decelerating growth is a sure prescription for increased poverty. And recent studies (e.g., by the International Institute for Applied Systems and Analysis) have shows that globalisation of agricultural trade will improve incomes of rich farmers and may increase exports. This not by increasing production but prices and reduced consumption. The major consequence will be increased poverty since those affected will be the poorest groups in the country—landless agricultural labourers, marginal farmers and urban unorganised workers—whose main item of consumption is food. The real victims, whether of neglecting agricultural investment or, of globalisation of agricultural trade under GATT, will be those who are already living on the very fringes of survival in India. ■

The World Bank and Energy Sector

The World Bank involvement in India's energy sector started in 1950 with a loan of $18.5 million to the Damodar Valley Corporation. Since then, 37 WB loans totalling $7.2 billion and 20 IDA credits of $2.4 billion have been advanced for power projects in India. The International Finance Corporation too has made five investments totalling $203 million during 1989-1991.

The Bank's lending programme in the energy sector has been of particular concern to many. Energy has become the Bank's biggest single lending sector in recent years, accounting for 18.1% of all Budget loans.

In India, the current path of energy development is a dead end. Already, the modern approach to energy sector development, which heavily relies on large-scale projects, has rendered hundreds of thousands of Indians homeless, inundated lakhs of hectares of arable land and left the Indian economy burdened with billions of dollars in increased foreign debt. Nearly 30% of Plan expenditure is devoted to the energy sector in India. Despite large inflows of foreign loans from the Bank and other financial institutions, electricity shortage has shown little improvement, remaining at around 10% of demand.

The World Bank approach to India's energy can be understood from the following statement of Mr. Trevor Byer, Chief of the Energy Policy and Strategy Division of the Bank. He argues:

"I think consumers (in India) have got to the stage where they are now fed up with low cost power... The demand of higher cost power is always there if it accompanied by high efficiency power the consumer will be willing to move to that full economic cost."

This quotation graphically demonstrates the vision of the World Bank— since the poor don't consume electricity even if that is an increasingly sucessful endeavour of the government. The country produces most expensive electricity in the world. It doesn't matter if the majority of urban consumers have to pay 25% to 30% higher rates. We have seen how Bank lending to this sector, 1980 onwards, increased more than six times compared to the preceding period— from $1247.00 million to $7878.70 million. With this increase in its loans, has come its *diktat* to privatise, increase tariff rates and make power utilities more efficient. It is also true that State Electricity Boards (SEBs) and other, central power utilities have been functioning extremely inefficiently.

To privatise, lucrative offers must

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be made. With its gaze fixed on the affluent middle class consumer, the government conceded to an assured 16% rate of return to the foreign investor—calculated in dollars and guaranteed against inflation. This, over and above a five-year tax-holiday, starting from the year of generation. The poor, inefficient SEBs were not able to even recover 3% in rupees. It was due artificially low rates of electricity that they were forced to supply. Of course, they had a somewhat different set of consumers to cater to. The remedy therefore is going to be by all counts, worse than the disease.

In the meantime, the World Bank is seeking to establish a private power development fund for India—along with a comprehensive reform of the SEBs.

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The response of pampered MNCs will replace inefficient SEBs preying on consumers to the Indian government's generous gesture has been impressive. Several big companies are lining up to give a "helping hand". Prominent among them are giants like ENRON of USA, ABB of Switzerland, National Power of UK, JLPC—comprising four German companies, and many others.

The Government of India has gone ahead to make far reaching changes in existing laws, relating to electricity but mining as well, since these TNCs would be producing coalbased power. This is being done despite the declared Indian government policy of encouraging development of alternative energy sources. It is after all common knowledge that reserves of minerals like coal are limited and non-renewable.

It is reported to be processing four loans worth $850 million which aim at promoting greater private sector participation and improved SEB functioning. A $30 million loan as technical assistance for private power development is also likely which would be used to provide "consultancy" to the Ministry of Power on various vexed issues regarding the sector. What this "consultancy" would be is anybody's guess.

Legal changes to lure MNCs

Under the Bank's pressure, the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948, were amended to create a new legal, administrative and financial environment for private enterprise in the energy sector.

- Private sector can set up thermal projects (coal/gas and hydel projects and winds solar energy projects of any size).
- Electricity projects both in public and private sector where the total outlay does not exceed Rs 25 crores need not be submitted to the Central Electricity Authority for concurrence.
- All private companies entering the energy sector hereafter will be allowed a debt-equity ratio upto 4:1.

- 100% foreign equity participation can be permitted for projects set up by foreign private investors.
- The condition of dividend balancing by export earnings applicable foreign investment upto 51% of equity is waived for foreign investments in the power sector.
- With the Governmental approval, import of equipment for power projects will also be permitted in cases where foreign supplier(s) or agency(ies) extend concessional credit.
- The customs duty for import of power equipment has been slashed to 20%. It has also been extended to machinery required for modernisation and renovation of power plants.
- A five year tax holiday has been allowed in respect of profits and gains of new industrial undertakings set up anywhere in India for either generation and or distribution of power. The five year tax holiday will begin with power generation.

For power generating companies the following incentives are offered :

- Normative parameters under which generating companies will operate (comparable to international standards) providing for 16% rate of return have been notified on March 30, 1992.
- Generating companies can sell power on the basis of a suitably structured two part tariff.
- On a case to case basis, the Government may consider extending a counter guarantee for the payment obligations of State Electricity Boards to the private power companies on the specific request of the concerned State Government.

However, we believe that India needs to shift course off this catastrophic path as soon as possible. There are many ways to do so. The government should shift focus from large thermal power projects to small, non-conventional sources of energy in tune with its professed policy. Besides, taking certain step to drastically improve the efficiency of energy production, transmission and consumption without stifling economic growth.

Despite energy sector loans to India totalling nearly $8.5 billion over the past ten years, not a single dollar has gone towards improving the efficiency.

This strategy with heavy emphasis on efficiency improvement also offers the opportunity to achieve at a lower cost economic and social developmental objectives.

Unfortunately, the increased reliance on energy efficiency has made little or no impact on the Bank's Indian loan portfolio. Despite energy sector loans to India totalling nearly $8.5 billion over the past 10 years, not a single dollar has gone towards improving the efficiency with which energy is consumed. ■

The World Bank and Forestry

Among the most controversial forestry projects financed by the World Bank are the so-called "social forestry" projects in India. In recent years, the World Bank has financed seven social forestry projects in India amounting to a total of $345 million in IDA credits.

Social forestry was originally conceived by the Indian government as a response to the forestry crisis and to the growing deforestation in the country. Recent estimates are as high as 1.5 million hectares per year. The original objectives of social forestry projects including those financed by the World Bank were to assist rural communities and landless people to meet their needs for fodder, fuelwood, small timber, fruits, and minor forest produce through community-planned and managed tree plantations and nurseries.

Neither Social Nor Forestry

However, most social forestry projects have come under increasing criticism because they have failed to adequately involve the local communities and rural poor, who are supposedly the main beneficiaries. Instead, these projects have catered to urban and commercial interests through the widespread promotion of fast growing tree species for pulp and paper manufacture, rayon production, urban fuelwood supply and other commercial uses. Private farmlands, wastelands and community lands have been converted for these uses, and in a number of cases the access of poorer rural populations to fodder, fuelwood and other forest products has actually been reduced. The widespread planting of eucalyptus in ecologically inappropriate arid areas has boomeranged with degradation of soils and water tables.

In 1984, the World Bank approved the India National Social Forestry project for $165 million for the four Indian States of Gujarat, Himachal Pradesh, Rajasthan and Uttar Pradesh. It was co-financed by the US Agency for International Development (USAID) and had four objectives:

1. To increase production of fuelwood, small timber, poles and fodder.
2. To increase rural employment, farmer's incomes and opportunities for participation by landless people.
3. To reforest degraded areas, wastelands, and reduce soil erosion.
4. To strengthen forestry institutions.

A 1988 midterm review conducted by US AID discovered objectives, non-fulfilment of several shortcomings environmental and social counts. The USAID review found emphasis on the promotion of fast-growing tree species such as eucalyptus on privately owned large farms and wastelands to provide wood products to paper and pulp industries and commercial insitutions.

It documented inability that eucalyptus was inappropriate in meeting the project's objectives because of its

lack of fodder value and ineffectiveness in soil building. Besides its inappropriate use as a monocrop in semi-arid areas where competition for water and the need for soil enhancing treatments are high. The review also noted that the project was not meeting the subsistence needs of the local people, and therefore was ineffective in reducing pressure on existing forest lands.

It cited the lack of participation of local communities in project design and implementation, and over reliance on industry-biased State forestry departments as the main causes of the project's shortcomings.

In Karnataka, an IDA forestry credit of $27 million starting in 1983 primarily promoted eucalyptus on private farmlands, village common lands and wastelands. These plantations had very little involvement of the rural community access to landless. In some cases, rural community access to fuelwood and fodder actually decreased because of poor and landless were not permitted

Ethiopia : Making of a Famine

Referring to the degradation of the Ethiopian Highlands, the World Resource Institute Report states: "The Central Highlands Plateau in Ethiopia supports 22 million farmers (70% of the population) and contains 59% of the country's cultivate land. Exhaustive farming practices, overgrazing, and fuelwood collection have severely eroded the plateau and destroyed most of the forests. Loss of soil fertility is widespread and the use of fertiliser is so limited that food production has not kept pace with population growth. Drought has precipitated a major famine."

What the WRI report fails to mention is that it is profits, not people, that are ultimately responsible for the degradation of the Ethiopian highlands. Under the Third Five Year Plan (1968-73), Ethiopia spent only 1% of the total expenditures on peasant agriculture and instead emphasized the rapid development of large-scale commercial farms producing crops for export. Tractors, pesticides, fertilizers were exempted from import duty. Multinationals making agrarian investments of $200,000 or more were given a 3 to 5 year income tax holiday. Commercial development of the Awash Valley was part of the plan. By 1970, 60% of the land brought under cultivation in the Awash Valley had been devoted to cotton production, while sugar plantations claimed another 22% of the cultivated area. To make way for these multinational managed commercial firms, the government had forcibly evicted Afar pastoralists from their traditional low-land pastures. The Afars were thus pushed into the fragile uplands which were rapidly overgrazed and degraded. The degradation of the Ethiopian highlands needs to be viewed in this context of the introduction of commercial export agriculture in the low lands, and the consequent displacement of nomads and peasants. It is not local ignorance but global control and exploitation of land and forests that is catalysing the tropical forest's disappearing crisis.

on common lands after the state forestry department grew eucalyptus plantations on these lands. In many instances, the eucalptus plantations produced perverse social impact. They were planted in ecologically inappropriate areas, causing depletion of water tables and exhausting soil fertility in arid areas. In Karnataka, small farmers and rural poor were driven to protesting industry biased eucalyptus plantations, including civil disobedience involving the uprooting of eucalyptus seedlings on village common lands.

Bank's Project in Bastar

In Bastar region of Madhya Pradesh, the WB's first project for 'forest development' became a major cause for deforestation in the region. The Madhya Pradesh Forestry Technical Assistance Project *(Credit 608-IN, December 1975)*. It was primarily developing for plantations for the pulp and paper industry.

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The World Bank project in Bastar was part of the trend to convert natural forests to commercial plantations so that the biomass produced could no longer benefit the original dwellers. The tribal sustenance base in cane and bamboo for basket weaving, mangoes, tamarind, jackfruit, mahua and edible berries are all destroyed when natural forests are replaced by monoculture plantations of eucalyptus or tropical pine. The Bastar Tropical Pine Project was planned at a cost of Rs 96 lakhs to convert 8,000 ha of natural forests in Bastar hills to pine plantations to feed the paper and pulp industry. It was finally shelved due to the serious resistance from local tribals. It was based not on scientific knowledge but on ecological ignorance of the forest ecosystem and tribals integration. It was a prescription for destruction of tropical forests aimed at changing the forest character in such a manner that they exclusively serve commercial interests, not the indigenous peoples.

The commercialisation of forests is the primary cause of largescale and rapid deforestation. The forest dwellers are the victims, not the agents of deforestation—in Bastar in Central India, in Andaman and Nicobar Islands, in the North East and in the Himalayas.

It is not just the Bank's forestry projects which have destroyed tropical forests, but also its sponsoring Narmada-Sardar Sarovar Dam project, besides mining and energy generation projects at Singrauli in Central India. ■

The World Bank and the Poor

The International Development Association (IDA), the "soft-loan window" of the World Bank was created to provide concessional loans to the Bank's member countries whose per capita GNP is $610 or less. Its objectives are to promote economic development, increase productivity and reduce poverty. Since 1960, there have been 10 replenishment of the IDA, the last one in 1993.

An increasing volume of studies by NGOs, independent researchers and the Bank's own internal studies indicate that many IDA funded projects and programme not only contradict the objectives of IDA, but serve to further marginalise the rural poor and tribal people as well as degrade the environment upon which subsist symbiotically. The experiences of IDA funded Sardar Sarovar Project in India prove it.

In connection with the tenth replenishment of IDA, in almost all major donor countries including the United Kingdom, Sweden, Finland, Germany, France, Japan, Italy and Canada, questions regarding the adverse impact of IDA were raised in parliaments, public forums and the press.

Everyone wants to help the poorest countries. IDA purports to do this, yet no one can ignore the poor environmental and social track record of IDA. There is abundant evidence that much IDA funding is not reaching the target populations and that a substantial amount of lending is demonstrably harmful to the poor, indigenous people and the environment.

A small portion of IDA money is probably reaching the poor. People may differ but perhaps as little as 20% of IDA lending is actually being spent on basic human and social developmental programmes which help poor populations in the Bank's IDA recipient countries. In fact, a large portion of IDA money flows out of the poorest countries in the form of procurement contracts. Most of this money go to the World's 10 richest industrialized nations. For example, net disbursements of IDA to borrowing countries in the Bank's fiscal year 1992

Capturing of IDA

The idea of establishing the IDA can be traced to a suggestion made in 1949 to the UN Subcommission on Economic Development [UNSED] by its Indian Chairman, Mr. V.K.R.V. Rao. Mr. Rao proposed the need for a new international development finance agency which should neither follow the preconditions required by the Bank nor carry the interest rates. Mr Rao suggestion was well received by the member-countries of the UN System. But before UN could implement this proposal, the Bank established the IDA as the soft-loan affiliate of the Bank in September 1960.

were $4.471 billion, out of which $2.347 billion was paid out again in procurement contracts associated with IDA credits. IDA disbursed more money last year return to Britain ($285 million) than aid to Bangladesh ($253 million) and more money return to Switzerland ($73 million) than aid to numerous sub-Saharan African countries such as Senegal ($43.7 million), Guinea ($7.3 million) and Sierra Leone ($64.4 million).

In addition, a large percentage of IDA funds go to the structural adjustment programmes (about 30% in 1991) which are creating devastating impact on the poor and disadvantaged people of many countries including India.

Moreover, IDA lending to some projects is linked with WB loans. For instance, in the Bank financed structural adjustment programme in India, the IDA credit portion is 50% i.e., $250 million while the other half is a WB loan. Besides, IDA funding to certain projects is tied up with the investment of IFC and WB loans. Take the example of Subarnarekha Project financed by IDA credits while benefits will accrue to the Chandil Sponge Iron Company and TISCO in Bihar. Both have huge IFC's investments. Thus, IDA is a part and parcel of the entire World Bank package.

Besides, the highly controversial and publicised Sardar Sarovar Project, there are many IDA funded developmental projects in India which are creating a havoc on the poor and environment.

The following are some IDA funded projects :

Upper Krishna Program

The Upper Krishna Program in Karnataka State, consisting of the Narayanpur and Almatti Dams with conveyance systems on each bank, has two IDA credits totalling $286 million [Karnataka Irrigation 1978 and Upper Krishna-Phase II Irrigation 1989]. The World Bank the messiah of professionalism became involved in it despite serious problems in design, planning, recruitment, significant time delays, cost overruns and serious resettlement and rehabilitation problems. After 15 years of World Bank involvement the problems persist, and are endangering the livelihood of 2,40,000 people who are being displaced. The number of oustees is the Bank's estimate, but the figure could be higher because sociological studies of the region have just begun. After the first IDA loan was fully disbursed, about 1,00,000 Narayanpur oustees were given compensation and reduced from farmers to labourers on a mass scale. According to WB documents, these people have experienced a 50% reduction in their incomes.

Subarnarekha Project

The Subarnarekha Multipurpose Project in the eastern Indian states of Bihar, Orissa and West Bengal was funded by an IDA credit of $127 million in 1982. The credit was approved alongwith formal environmental plans. The project entails construction of two major dams, two barrages, and seven

main canals for irrigation, municipal and industrial water supply and hydropower generation. The Bank's estimate of oustees is 60,000 but local NGOs estimate that about 120,000 people will be displaced by the project. Though 90% of the oustees are tribals, the Bank has failed to enforce its indigenous people's policy.

Upper-Indravati Project

Approved in 1983 without a comprehensive resettlement plan (accompanied by an IBRD loan for US $156.40 million), this project in Orissa displaces 15,000 people according to World Bank's estimate, most of whom are tribals. The actual figure may be higher, as no reliable census of the oustees has been made. A resettlement plan was only prepared a full 8 years after project approval, though many were displaced without resettlement. A recent tunnel disaster killed nearly 400 labourers at the dam site. These problems led to the cancellation of Upper Indravati disbursements. However, the Bank is now again involved in the project.

Second A.P. Irrigation

This 1986 IDA credit assisted the Srisailam Dam Project and other subprojects on Krishna River in Andhra Pradesh, displacing a total 3,30,000 people, according to the WB estimates. Many were displaced in 1981, prior to the Bank's involvement, yet has not significantly improved rehabilitation. The State Government is providing resettlement to 64,000 people, and can trace whereabout the other 2,66,000 oustees have gone. Cash compensation was insufficient for the replacement of houses and farmland, so only 13% of the oustees who received compensation actually purchased land, half of which went solely for housing plots. Furthermore, while 33% of Srisailam oustees were agricultural labourers, this group received only five to six per cent of the total compensation.

M.P. Medium Irrigation

This project, approved in 1981, was completed with unsatisfactory resettlement and rehabilitation due to poor documentation in the appraisal report, lack of commitment on the part of officials, absence of a clear policy and means for implementing resettlement & rehabilitation plans and failure to issue rules for the 1985 State Resettlement Act.

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The World Bank and Population "Problem"

Of late, the World Bank has realised the need to reduce poverty in India rather than alleviating it. The Bank's first social sector loan was approved as a pilot project for the First Population Project in 1972, more money was made available to the Indian government in the 1980s and the 90s. Out of $2.2 billion allocation to human resource development, over 70% was committed in 1990s.

World Bank's ideology on poverty and population in 80s underwent a major shift from the more liberal view. That poverty alleviation through social and economic development was the main key to fertility decline. Now, according to analyst Peter Gibbon, the Bank believes that population problems cannot wait for resolution by socio-economic development; their urgency has been increased to succeed with the structural adjustment effort' (Gibbon 1991). Despite differences of opinion within the institution, the Bank presently attaches greater importance to population than to poverty.

The World Bank has encouraged governments to make family planning the 'cornerstone' of their health policy. This, with a higher priority than other desperately needed Mother and Child Health interventions.

Neo-Malthusian theories predominate the population-development debate which foresee doom on this planet due to "overpopulation".

Notwithstanding, affluent nations consume more commercial energy and fresh water, than the so-called less developed countries which are densely populated.

The World Bank in its WDR 1993 urges various changes in policies of third world countries and advocates the abandonment of "unnecessary" prescription requirements. It also suggests that constraints such as 'excessively restrictive' medical screening be removed in order to run more "efficient" family planning services. Thus, even the control exerted by bodies such as the Drugs Controller of India (which regulates the introduction of new contraceptives) is sought to be diluted by the Bank.

History of Bank Lending

The Bank chose to enter the population field because rapid population growth was seen as undermining attempts to improve living standards in many developing countries. The establishment of a Population Project Department in 1969 provided administrative support for the Bank's involvement in population area. The volume of lending slowly grew, $306 million was committed to 16 projects in 10 different countries from 1972 to 1979.

In 1979, the Bank decided to begin lending for free-standing health projects. A new Population, Health and Nutrition Department (PHN) was formed to carry out this new work in health and to continue work in population and nutrition. Health became an operational objective, but emphasis

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Neo-Malthusian theories predominate the population-development debate which foresee doom on this planet due to "overpopulation".

Notwithstanding, affluent nations consume more commercial energy and fresh water, than the so-called less developed countries which are densely populated.

The World Bank in its WDR 1993 urges various changes in policies of third world countries and advocates the abandonment of "unnecessary" prescription requirements. It also suggests that constraints such as 'excessively restrictive' medical screening be removed in order to run more "efficient" family planning services. Thus, even the control exerted by bodies such as the Drugs Controller of India (which regulates the introduction of new contraceptives) is sought to be diluted by the Bank.

History of Bank Lending

The Bank chose to enter the population field because rapid population growth was seen as undermining attempts to improve living standards in many developing countries. The establishment of a Population Project Department in 1969 provided administrative support for the Bank's involvement in population area. The volume of lending slowly grew, $306 million was committed to 16 projects in 10 different countries from 1972 to 1979.

In 1979, the Bank decided to begin lending for free-standing health projects. A new Population, Health and Nutrition Department (PHN) was formed to carry out this new work in health and to continue work in population and nutrition. Health became an operational objective, but emphasis

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Following an administrative reorganisation in 1987, population and health lending activities are now carried out by a new sector called Population and Human Resources Division.

Since 1980, 1% of the Bank's loan portfolio has been devoted to population projects. This amount constitutes about 10% of the funds provided by bilateral multilateral and private donors to the developing world for population activities. Four countries (India, Indonesia, Bangladesh and Kenya) have received 79% of these funds. In 1988, the Bank was financing ongoing projects in 17 countries.

In Senegal, preparation of a Population Policy Statement and Action Plan became an "agreed condition" of the release of the third tranche of the SAL.

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stantial inputs related to population and F.P. The next phase of the Bank inputs included policy dialogue, sector work and efforts to persuade the Government to establish an inter-ministerial coordinating agency for population outside the Ministry of Health (MOH). this was included as a condition in the second structural adjustment loan.

Bank's Projects in India

The Bank's first population project in India started in 1972, by which time the country's approach to family planning was firmly entrenched. Thus, the Bank could not do much by way of shaping policy. Although it played only a low-key role, the Bank had several criticisms of the Indian programme for e.g., excessive focus on sterilisation which ignores spacing needs; excessive centralisation and reliance on a single delivery system and ignoring the NGO and private sector; insufficient attention to programme operations and quality (as opposed to programme expansion); and neglect of factors that can influence demand.

Upto 1988, the Bank funded five population projects worth of $245.7 million. After which its involvement substantially increased, with financing of projects in 1989 ($124.6 million) and 1990($96.7 million). Consequently, the Indian government made efforts to address the criticisms made by the Bank. This was subsequent to the Bank's new emphasis on research, and the publication of papers that began to develop a strategic image of what the Bank felt need to be done. Thus, there was an Indian government policy shift in focus on priority programme components at the state level, support for NGOs and social marketing of contraceptives.

There is evidence of the Bank's desire to increase its influence in this sphere. India's Eighth Plan allocates $2.7 billion to the Family Welfare Programme, and the Bank indicated its willingness to increase its commitments to nearly 10% of this amount.

Projects funded in the post-1988 period reflect the Bank's emphasis on strengthening the GOI's goal of bringing down the fertility rate. A loan of $79 million was extended for a Family Welfare Project (1993-99) for Urban Slums in Delhi, Hyderabad, Bangalore and Calcutta with the objectives of expanding service delivery, improving the demand for quality family welfare services. This, through an expanded programme of information, education and communication, strengthening the management & administration of municipal health departments, and female education. It proposes to encourage private voluntary organisations in health

This project encourages NGOs in health service delivery, social marketing of contraceptives targetted to urban slums, and investment of the private sector.

Hazards of Liberlisation

The red carpet being laid out for MNCs to invest in India has resulted in Upjohn Co. of USA with their Indian collaborator Max Pharma, allowed to manufacture and market Depo Provera, a hazardous injectable contraceptive. This controversial drug was finally given approval by the US Food and Drug Administration only in 1992, after many attempts by Upjohn. The Approval was refused earlier because of the adverse effects of the drug which include menstrual disturbances, depression, loss of bone density, risk of heart disease & cancer and unknown effects on breast fed infants. The Drugs Controller has licensed Depo Provera despite the fact that no clinical trials have been conducted in India.

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In a similar view, the proposed "Child Survival and Safe Motherhood Project" of the Bank focuses major attention on health issues of importance in influencing fertility decisions.

"It is difficult to believe that fertility rates can be reduced much further without resorting again to coercive measures, unless the probability of children surviving is substantially increased". (WB Operations Evaluation Dept., 1992).

The Economic Survey (1993-94) reveals the extent of World Bank assistance under the Social Safety Net Programme for "family welfare", which is to the tune of Rs 320 crores. This scheme is to provide 'special inputs' to 90 'poor performing districts', 83 of which are in Bihar, M.P., Rajasthan and U.P. ■

The Bank and Structural Adjustment

The 80s will be remembered as the decade of global impoverishment linked to the Bank and the IMF's infamous medicine: the Structural Adjustment Programme (SAP). These programmes are being implemented in over 70 Third World and Eastern European countries with devastating results. The Bank-IMF sponsored SAP has two phases. The first phase is short-term macro-economic stabilisation. It is followed by implementation of a necessary structural reforms phase. In the early 80s, most SAPs focussed on a narrow range of policies aimed at reducing account deficits.

As the debt crisis deepened and it became obvious that the stabilisation programmes were not working, the US Treasury Secretary, Mr. James Baker came up with a strategy to solve the debt crisis. This was called the 'Baker Plan'. Under this plan, the WB was asked to impose more comprehensive conditions on the debtor countries. By 1990, majority of the countries that had received conditional loans from the IMF also received structural adjustment loans with harsh conditionalities from the Bank.

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Fourteen years after the World Bank issued its first structural adjustment loan, most countries are still waiting for the market to "work its magic". Despite global adjustment, the third world's debt burden rose from \$785 billion at the beginning of the debt crisis in 1978 to \$1.6 trillion in 1992. The structural adjustment loans from the Bank have enabled the third world countries to make interest payments to western commercial banks. Having done this, the Bank went on applying adjustment policies to assure a regular supply of repayments in the medium and long

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SOMALIA

A VICTIM OF ADJUSTMENT

Recently, Somalia received the attention of global media because of extreme hunger conditions and starvation of its population.

In early 80s, Somalia was forced by economic difficulties, due to its war with Ethopia, to yield to WB & IMF demands in order to renegotiate the foreign debt. In lieu of new loans by the Bank, the structural adjustment programme was implemented in Somalia. Under adjustment, Somalia's debt stock rose from $1639 million in 1985 to $2444 million in 1990. Services in this period reached $379 million. The debt stock/GNP ratio was 283% in 1990. In other words, the country became totally dependent on its creditors with per capita GNP in that year was $96 while the debt burden on each Somalian reached $281. Almost 100% of the debt was related to official creditors.

With forced cuts in food subsidies and increased food imports, food aid was multiplied by an annual growth of 31% during 1975 and 1985. The best arable lands were largely taken over by government officials, traders and the military. Instead of promoting food production for the internal market, the creditors encouraged the production of "high value added" products like fruits, vegetables & cotton aimed at exports. The devaluation of the Somalian Shilling imposed in June 1981 by the IMF forced upward prices of all agricultural inputs. The devaluation also affected the price of medicine for cattle, alongwith privatisation of veterinary services, the livestock was decimated and the entire pastoral economy collapsed. The collapse of cattle farming since 1984 was beneficial to Australia and the European Community. Frozen and chilled beef replaced Somalian beef exports to Saudia Arabia and other Gulf countries.

Besides, health and education programmes were drastically cut. The health expenditures in 1989 were 78% lower than in 1975. Between 1981-89, school enrolment fell 41%. About 25% of primary schools were closed down due to lack of books and other educational materials.

The collapse of beef exports caused a sharp decline in the inflow of foreign currency and had a serious impact on the balance of payments position and public finances. Small farmers were raised by the dumping prices of North American subsidised cereals. The state support to agriculture ceased and therefore production in State farms decreased.

This was complemented by massive cuts in public sector jobs with declining real wages and growing unemployment.

In January 1991, when the civil war was already rampant, the creditors including the Bank imposed new adjustment policies aimed at reduction of public expenditure, closure of state companies and restructuring of the Central Bank.

Somalia is an illustration of what may happen to a poor country when the country's interests are sacrificed at the altar of market forces.

term. Thus, the structural adjustment has brought neither growth nor debt relief, it has certainly intensified poverty.

The series of policy measures launched by the Indian government are part of structural adjustment programme in India. Government has taken up following measures to implement SAP :

- Devaluation of rupee by 23%.
- New Industrial Policy allowing more foriegn investments.
- Opening up more areas for private domestic and foreign investment.
- Part disinvestment of government equity in profitable public sector enterprises.
- Sick public sector enterprises to be closed down.
- Reforms of the financial sector through larger private sector participation in banking and insurance.
- Liberal import and export policy.
- Cuts in social sector spending to reduce fiscal deficit.
- Amendments to the existing laws and regulations to support reforms.
- Market-friendly approach and less government intervention.
- Tax reforms leading to greater share of indirect taxes.

"PRE-BUDGET TIP?? I BEG YOUR PARDON..!!"

All the above mentioned ingredients of SAP are based on the Anderson Memorandum titled "Trade Reforms in India" dated Nov. 30, 1990 submitted to Government of India by the World Bank. It is interesting to note that this memorandum was not disclosed to the then Prime Minister, Mr. Chandra Shekhar, the then Finance

Before and After Adjustment

The World Bank's own study titled, "Adjustment Lending: An Evaluation of Ten Years of Experience" (1988) illustrates that the structural adjustment programmes undertaken by 15 Sub-Saharan African countries failed in many areas:

- **The shape of Gross Domestic Product (GDP) devoted to investment fell rather than rose as intended.**
- **Annual economic growth declined.**
- **Budget deficits of export earnings that had to be devoted to debt payment increased.**

Great Men Think Alike

The government is maintaining that the new economic policies have not been dictated or even influenced by the IMF or the World Bank. But whose opinions do the report on the financial system submitted by the Narasimhan Committee reflect? The report is just an elaboration of the recommendations made by the World Bank in its confidential report "India: Financial Sector Report". Incidentally, the Narasimhan panel included professors, economists and bureaucrats who had long innings both in government and IMF-World Bank. The following comparison brings out how the panel members and their counterparts in the Bank think alike.

World Bank : Reduce the budget deficit and start lowering the cash reserve and statutory liquidity requirements (SLR) with the objective of bringing the combined ratio down to 30% in three years and subsequently moving to market determined interest rates on Government debt...

Panel : In line with the government's decision to reduce the fiscal deficit to a level consistent with macro-economic stability, the SLR (should) be brought down in a phased manner to 25% over a period of about five years, starting with some reduction in the current year itself... The committee proposes that the Reserve Bank of India consider progressively reducing the cash reserve ratio from its present high level.

World Bank : Immediately recategorise commercial bank lending to larger borrowers among small scale industrialists and farmers, thus reducing the priority sector lending target from 40% to about 10% in three years.

Panel : Directed credit programmes should be phased out. The committee proposes that the priority sector be redefined to comprise small and marginal farmer, the tiny sector of industry, small business and transport operators. The credit target for this redefined priority sector should henceforth be fixed at 10% of the aggregate credit.

World Bank : Allow competition by easing private sector entry and expansion.

Panel : There should not be any differences in treatment between public sector and private sector banks. There should be no bar on new banks caming up in the private sector.

World Bank : In the medium term introduce floating interest rates based on a market determined prime rate.

Panel : The medium term objective should be to move towards market determined interest rates.

How Import Liberalisation is Supposed to Work

attainment of a 'realistic' rupee dollar rate i.e. devaluation

export production stimulated resulting in export boom

shift of resources from — capital intensive, domestic-oriented production labour intensive, export-oriented.

removal of quantitative restrictions and lowering of tariffs

increase in imports of consumer and luxury goods

more jobs, higher incomes

improvement in people's welfare, industrialisation of the countryside

increase in imports cheaper inputs intermediate

local producers forced to cut costs in order to compete with cheaper imports

export growth

increase welfare.

Where it Could Go Wrong

Removal of quantitative restrictions and lowering

increase in imports

import-dependent industries that produce for the domestic market incur higher production costs

increase in prices due to rupee devaluation now bigger than the fall in prices due to import liberalisation

higher prices, further shrinking of already narrow market

higher costs of living & layoffs

Attainment of a 'realistic' rupee dollar rate i.e. devaluation

export boom fails to materialize due to world recession, low export prices and rising protectionism in the developed countries

trade imbalance persists further rupee devaluation

production veers away from the domestic to the export markets

benefits of higher rupee earnings from exports fail to trickle down to lower income classes in the absence of wage increases, land reform and other redistributive schemes

greater inequality

more poverty, country still remain underdeveloped

Minister and the Cabinet Secretary by a group of senior officials in the Finance Ministry. Incidentally, all these officials were ex-World Bank and ex-IMF employees.

India embarked upon a path of liberalization in the 1980s, whose pace quickened radically after 1985. Two points need to be noted, as a backdrop to India's new liberalization saga. It has been argued that it came at a juncture in the international situation when the second oil-price hike of 1979 had prompted the advanced industrial countries to raise interest rates (nominal) which had a serious, adverse impact on the borrowings by the developing countries, jacking up their debt servicing charges. Secondly, anti-inflationary measures pursued by the advanced capitalist countries extended the impact of recession into the Third World countries. The recession in their markets led to lowered demand for developing country exports further adversely affecting their trade balances.

Export and Perish

Devaluation by one country may generate a spiral of competitive devaluations by others producing and exporting similar kinds of products. This may result in oversuppliers of commodities in the international market and price crashes. This is the 'fallacy of composition'. In fact the structural adjustment programmes of the IMF/World Bank often suffer from this 'fallacy of composition'. For instance in 1975, copper exporting countries such as Zaire, Zambia, Chile and Peru approached the IMF for help to tide over their balances of payments crises. The IMF advised them to devalue and expand copper exports under its country-by-country approach. As a result of which there was a sharp fall in the price of copper in the international market. Consequently, these countries plunged into deeper debt.

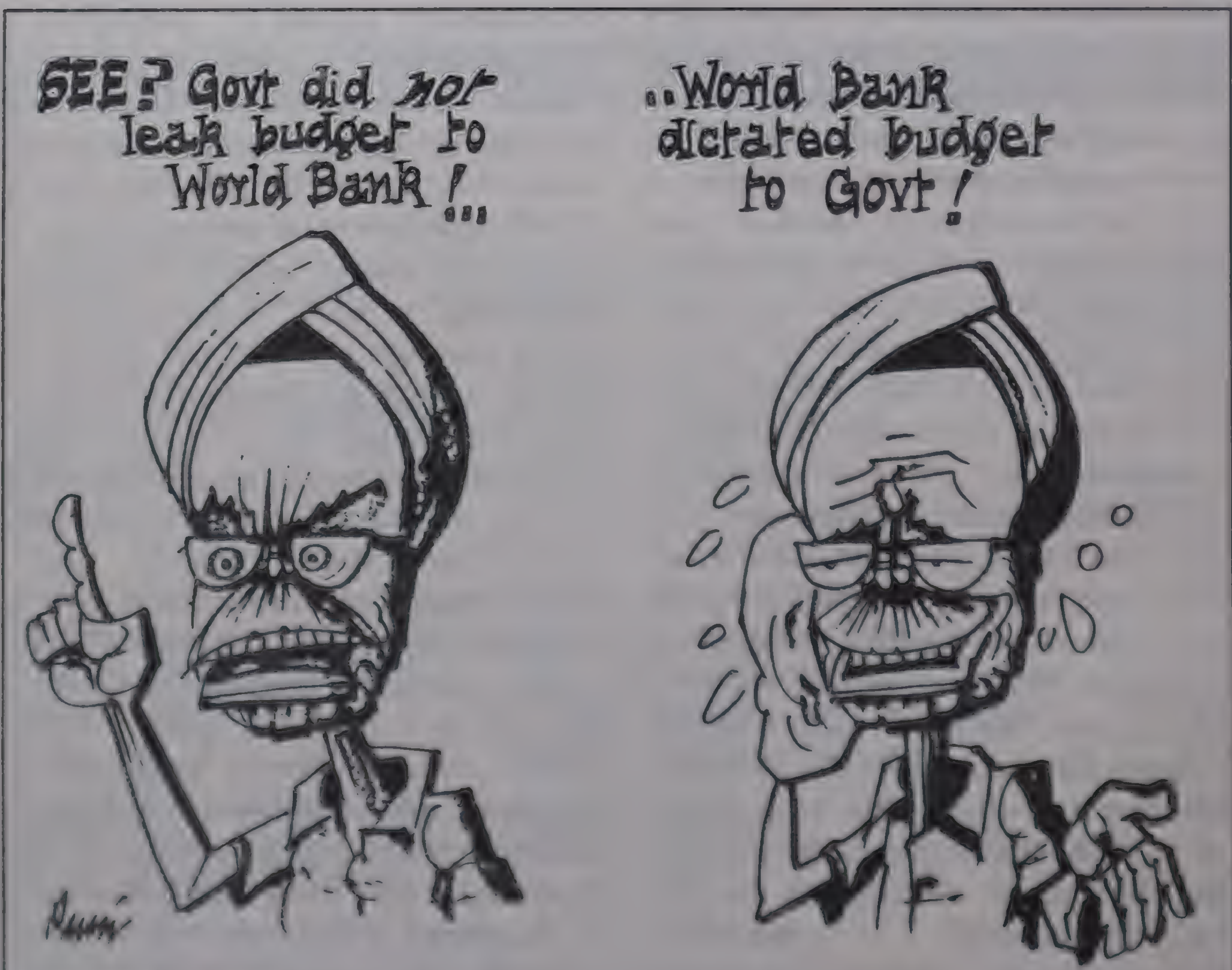
For the last 40 years primary commodity prices on the international market have been falling. These commodities include agricultural goods or minerals and other raw materials. In fact the 1985, raw material prices, in real terms i.e., after adjustment for inflation, were 27% lower than their average price in the 1950s. While a part of the explanation for this trend can be found in the changing patterns of demand in the advanced, industrialised countries (for example, the replacement of old metallic substances by polymers, plastics and other synthetic materials) these do not tell the full story. The other, when these countries, under extreme pressure to export, actually start doing so, they find that only traditional goods can be exported. They can only dream of exporting manufactured goods, never realise it.

On top of this was the direct impact that the hike in oil prices was to have on India in any case, since crude oil and its products are the single largest item on India's huge import bill.

India's deficit on the current account increased throughout the eighties. From the mid-eighties it was pushed into greater reliance on high interest commercial loans from international banks to finance the deficits. The net outcome was that her external debt tripled during this decade of high growth.

The above scenario set the stage in 90s for undergoing the medical therapy of the IMF and WB.

When these 'reforms' were initiated, the Government denied any pressure from the Bank or IMF but had few takers. But very few believed in it. The Government's claim that they had been independently decided to carried little weight. Later on the Finance Minister told Parliament that the loans of the Bank and IMF carry conditionalities. In fact, the Finance Minister did not disclose about his correspondence with the IMF and the Bank, due to great public pressure, he presented to Parliament the terms of the IMF standby credit of $2.2 billion.



Courtesy : Rajinder Puri/The Statesman

Courtesy : Ninan/Indian Express

But, the same consideration was not applied to reveal the policy conditions accepted under the Structural Adjustment Loan of $900 million by the World Bank. When news of the Bank having access to the 1992-93 budget and the Eighth Five Year Plan document prior to their presentation to Parliament, the government was forced to make them public.

Under SAP, WB is not supervising individual sectors of the Indian economy such as agriculture, social sector and energy sector. The Bank now monitor macro economic parameters such as balance of payments, fiscal deficit, foreign investment, money supply, etc. The public expenditure reviews are a part of the Bank's conditionalities. Under this review, the Bank not only asks for cuts in expenditure but also gives detailed instructions for cuts in specific sectors. The health budgets in recent years are an example of this. Health, far from being accepted as a basic right of the people, is now being shaped into a saleable commodity. Thereby, excluding those with less or no purchasing power. The existing distortions of health services in India are getting accentuated with the Government following the Bank's agenda on health care.

The recent budget of 1994-95, of which health care forms just 0.58% is an indication of the government willingness to adopt Bank's policies. In India, the health care agenda is increasingly being set out by the Bank rather than by the people and the Indian state. ■

The World Bank and NGOs

The World Bank is giving much attention to the Non-Governmental Organisations (NGOs) since 80s. Whether by accident or by design, this period coincides with the beginning of structural adjustment programme (SAP) in many third world countries. As we know, the impact of SAPs has been disastrous on the poor communities. Massive cuts in social and welfare spending, wage freezing, spiralling prices and privatisation of basic services are the wages of SAP.

The experience of SAPs in many countries, especially in Africa, shows that NGOs can be easily co-opted and turned into "efficient" implementers of SAPs. With the withdrawal of the State from the social sector such as health, nutrition, education and water supply, and subsequent privatisation of these sectors, the NGOs in many African countries have been invited by the World Bank to take over these roles. Thus, the state hand over its infrastructure such as hospitals and schools to NGOs to run. In Somalia, many NGOs are offering competitive tenders for sub-contracted social service provision. But, it should be noted here that only those NGOs are encouraged who "implement" the adjustment programmes in the social sector. In other words, clearing the mess created by adjustment policies. On the other hand, those NGOs involved in development of alternatives and critical of adjustment policies are kept out. In fact, the political space for such NGOs is further sequeezed. Thus, the NGOs are required not only to give a human face to the SAPs but also to WB-IMF.

In the later 1980s and 1990s, the State in the Third World itself is under attack. It is under attack to withdraw from all sectors of social life except the policing and military functions. In Sudan, NGOs income is the only area of resource growth while financial support to government is decreasing.

In Sudan, the government and NGOs compete with each other for funds. The financial institutions only trust NGOs while government officials are reduced to mere spectators when these NGOs receive funds.

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Bank's Love for NGOs

The World Bank has shown immense interest in involving NGOs in projects funded by it. A close look at the project identified by the Bank with potential NGO's participation will reveal that the NGOs are asked to deliver services

related to nutrition, AIDS control, health and population.

Similarly, in India, the Bank is keen to involve NGOs in the implementation of certain parts of its project such as afforestation and rehabilitation of displaced persons for Bank financed Subarnarekha, Upper Krishna and Narmada projects. In other words, the Bank wants NGOs to clean up the mess of displaced persons and deforestation created by its projects. On the other hand, NGOs and peoples movements like Narmada Bachao Andolan and Icha-Kharkai Bandh Vishthapit Sangh actively working on the Narmada and Subernarekha projects respectively are considered as "trouble makers" by the Bank. Because these NGOs are raising fundamental issues related to viability and feasibility of not only these projects but also the Bank's lending.

The Bank has indentified a few Indian and involved them in the Bank's projects in India.

The following are some instances of Bank-NGO involvement—

- MYRADA, a Karnataka-based NGO was given a contract by the Karnaṭaka State Government to develop a resettlement scheme in connection with the Upper Krishna II Irrigation Project. In what was described as a "socio-culturally sensitive plan: MYRADA prepared a scheme, in co-operation with government agencies.
- In the women, Rural Administration and Poverty (WRAP) Project, an NGO called PRADAN has been contracted to select 9 NGOs based on the Bank criteria. PRADAN was supposed to oversee their work of documenting type of development efforts and how to reach them to the poor. These would be used as inputs in WRAP.
- Development Alternatives (DA), an NGO, has been contracted to train farmers in various districts in four states—the grassroot NGOs and the panchayats.
- In the first Bank-financed agricultural project in India, the National Sericulture Project (India), "the Bank is channelising funds to NGOs, through the Central Silk Board (CSB)—amounting to Rs 4 crore. NGOs are expected to promote participation of women, landless, etc., in sericulture, obtaining access to cultivate wasteland for mulberry cultivation, organizing groups to adopt improved equipment for rearing, silk utilization, etc., in five states of India.
- In Uttar Pradesh, NGOs are involved in a massive project to reclaim 45,000 ha. of sodic (highly alkaline) lands and related activities. The NGOs involved in this project are Sarvodaya Ashram, Society for the Promotion of Wasteland Development, Centre for Social Research, MYRADA and Self-Employment Women's Association.

Informationalisation of Economy

Alongwith the state gradually abandoning responsibility for providing jobs, and the growing "informalisation" of

ENOUGH IS ENOUGH

Pierre Galand, Secretary-General of OXFAM, Belgium, resigned on December 1993 from the NGO Working Group on the World Bank. Mr. Galand had served on the Working Group for three years. The following is an extract from his resignation letter:

On the eve of the 50th Anniversary of the United Nations and the Institutions of Bretton Woods, I would like to resign from the NGO-World Bank Working Group and its Steering Committee. My action is dictated by intellectual honesty and honesty towards the many friends with whom I work in the "third world".

Having had the opportunity these past three years to observe the behavior of the World Bank, I would like to join those of my colleagues in NGOs who believe that only dissidence can lead to an alternative of justice and co-existence for the peoples of our planet. I was hoping that by working together in the NGO-World Bank Working Group, we would make some progress towards co-development and addressing the condition of the most deprived segments of the world's population.

The remedies provided by the World Bank for development are poisoned remedies that accelerate the process. For many soul and conscience, I am obliged to tell you, 'ENOUGH'. You have stolen the correct discourse of the NGOs towards development, eco-development, poverty and people's participation. At the same time, your policies of structural adjustment and your actions accelerate social dumping in the South by obliging it to enter defenseless into the world market. Thanks to you and your IMF colleagues, multinational firms are relocating, because you create productive conditions with reduced social costs. The result of your joint IMF-WB interventions is constant pressure on the world's economies to be more competitive. This is only obtained through growing pressure on governments to cut spending and reduce social expenditure judged to be too costly.

"On the eve of the 50th Anniversary of Bretton Woods, I would like to resign. It is clear to me that there is no space to humanize the World Bank."

The World Bank is the biggest international institution involved in development, but it is also the most arrogant. It dictates the conditions for development, and is only accountable to itself. The WB itself is very well informed as to the state of poverty, impoverishment and abandonment of large sectors of the planet's population. Its task is to get everyone, big and small, participating in the great world market.

As long as the World Bank continues with its crazed policies in the field of structural adjustment, we will have to mobilise ourselves and the greatest number of the victims of this type of intervention in order to fight it. After a three and a half year dialogue with the WB, within the NGO working group, I wish to offer my resignation. It is clear to me that there is no space to humanize the Bank.

WB Projects with "Potential" for NGO in India

Projects	Objectives of NGO Involvement
Population V	Assist in the national family welfare programme in Gujarat, Haryana, Punjab, Bihar and J&K
Population VI	Assist in the national family welfare programme in Gujarat, Haryana, Punjab, Bihar and J&K
Hyderabad Water Supply	Assist in resettlement
Nutrition II	NGOs will be contracted to carry out staff training and services delivery
Population VI	Assist in the national family welfare programme in Gujarat, Haryana, Punjab, Bihar and J&K
Integrated Child Development Services (Orissa/Andhra Pradesh)	NGO will be contracted to carry out staff training and services delivery
Narmada River Basin Development I	Assist in resettlement and environmental aspects
AIDS Control Project	Assist in carrying out information, education, and communication and working with services delivery
Population & Human Resources	Assist in developing and implementing the project
Poverty I	Develop credit proposals under integrated rural development program
Rural Water Supply Sanitation II (Karnataka)	Establish models for implementing sanitation schemes & training
Subarnarekha (Orissa)	Assist project affected people, identify suitable resettlement sites and advise of their rights under the State's resettlement policies

Source : The World Bank

the formal sector, came increased Bank funds for self-employment, income-generation activities—which are called micro-enterprises. However, evidence has shown up the unviability of most of them. They have been able to generate only marginal income for the disadvantaged groups—particularly women.

The typical diagnosis of the Bank for the failure of micro-enterprises is lack of managerial training. It is underlined that the failure is not due to lack of demand. Since access to the market has nothing to do with demand. Nor are they simply matters of managerial and business acumen and skills, though, they are no doubt important. In what is called the "Women's Enter-prise Management Training and Out-reach Programme" (WEMTOP) a so-called "participatory programme" has been envisaged by the Bank to strengthen the capacity of intermediary NGOs to deliver management training to grassroots women entrepreneurs. The WEMTOP's client group is landless or assetless and working in the informal sectors.

Bank-NGOs Projects in India

- Uttar Pradesh Sodic Lands Reclamation Project
- National Leprosy Elimination
- Karnataka Rural Water Supply and Environmental Sanitation
- Basic Education Project
- Renewal Resources Development Project
- Rural Water Supply and Environmental Sanitation
- Child Development Services Project.

NGO-Bank Committee

To pomote NGO collaboration, the WB has taken up many efforts. It established the NGO-WB Committee in 1982 to strengthen interaction and discussion between the bank staff and NGOs representatives. At its fourth meeting (1984) in Washington, DC, NGO members felt the need to identify themselves outside the joint NGO-WB structure and therefore they formed the NGO Working Group on the World Bank (NGOWG). The need for the NGOWG was felt because the policy dialogue in the NGO-WB Committee was becoming increasingly contentious. The need to articulate NGO criticisms of the Bank's development model, its SAPs and their adverse impact on the poor led to a position paper on SAP. It presented a sharp critique of the entire developmental model touted by the Bank and expectedly brought forth an equally sharp response from the Bank.

Although these disputes continued, the Bank carried on its attempts to incorporate NGOs into its overall

programme. The economic rationale for this has been spelt out in a number of Bank documents. The two major strengths on which this rationale is built are both based on its ability to mobilise voluntary labour and spirit. In the Bank's perception, NGOs can reach poor communities and remote areas where government machinery cannot and operate at low costs and low wages because they are ostensibly doing "missionary work".

Besides, the Bank has recently started the World Bank NGO unit located in the Operations Policy Department. The Bank's Economic Development Institute (EDI) is also working with NGOs to enhance their capacity and institutional building.

The Women Entrepreneurs Management Training and Outreach Program (WEMTOP) in India operated through Udhyogini, an NGO based in Delhi, is part of the institutional building programme of EDI.

The WB-NGO Consultative Committee [India] was formed in mid-1988. The initiative for the formation of the committee was taken by the Association of Voluntary Agencies for Rural Development (AVARD), in consultation with the Bank's Resident Mission in India. With a grant of $15,000 from the Bank the committee started functioning.

The India committee, among other things, managed to persuade the World Bank staff for a debate on the effects of SAP which resulted in the launching of a Social Dimensions of Adjustment Project (SDAP). The fate of SDAP however, is not known.

The Bank has been identifying and working with NGOs in India, usually through the governments—central and state, and sometimes through other donor agencies.

Typically, as can be seen in the Projects List in the accompanying box *(page 55)*, a majority of these NGOs are asked to do implementation and service-delivery work for Bank-financed projects and operations. ■

WB - NGO Collaboration

- 73 projects of the total 245 projects approved by the Bank in 1993 have NGO collaboration.
- Since 1973, NGOs have participated in 553 Bank financed projects.
- 50% of NGO associated projects of the Bank are in Africa.
- 42% of all projects approved in South Asia in 1993 had NGO involvement.
- Population, Health and Nutrition sectors occupy the largest share of NGo associated projects.
- Project implementaion, monitoring and evaluation comprises 85% of NGO collaboration.

The Bank and Good "Governance"

When the World Bank team arrived in the capital of the former Soviet Republic in 1992, the team consisted of economists including two lawyers. The lawyers were there to evaluate the country's laws and legal institutions to determine the legal constraints to market economy. This assessment led to legislative recommendations, a number of which were made pre-conditions for future World Bank lending. This country adopted the Bank's legislative recommendations as an expression of seriousness to do anything to shift from a planned to a market economy.

This case study demonstrates that the Bank is no longer merely a financial institution; it is a governance and law making institution exercising power through its financial leverage to legislate entire legal regimes and even to alter the constitutional structure of the borrowing countries.

> Governance by the Bank is more pronounced in the context of policy based lending—structural adjustment loans.

From Finance to Governance

The Bank staff has rewritten India's trade policy, fiscal policies, labour laws, health care regulations, environmental regulations, and foreign exchange laws. The Bank is playing this legislative role primarily by imposing conditions on its loans. Unlike the terms imposed by a commercial bank, however, many of the conditions imposed by the Bank have nothing to do with loan repayments.

The Bank's Articles of Agreement provide that "the Bank and its officers shall not interfere in the political affairs of any member". Nonetheless, the World Bank now asserts that the quality of 'governance' in developing countries is within its jurisdiction. In 1989, the Bank explicitly raised the issue of borrowing members' governance for the first time. The Bank publicly called upon African governments to become accountable to their citizens. The Bank has now openly declared that it is prepared to consider various governance issues integral to development projects. The Bank avers that so long as governance issues are related to economic development, it can impose conditions on governance. This policy enables the Bank to impose its economic agenda and political ideology on its borrowers.

According to the Bank, its governance concerns extend from broad macro-economic policy to the structure and role of governmental institutions that administer the economy, to environmental impact and even to military spending. There are indeed many occasions when reformed governance enhances development

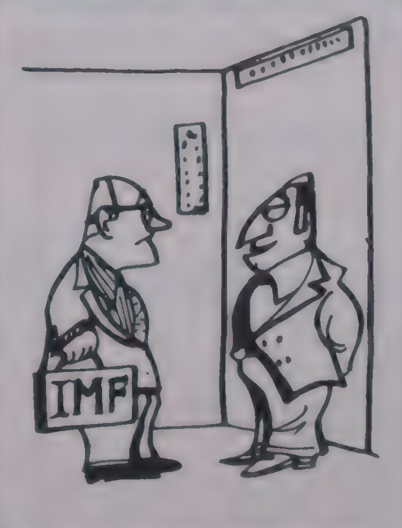
prospects. But the crucial issue is whether the Bank or the concerned citizens should exercise sovereignty.

The Discovery of Governance

This discovery of good governance, transparency, democracy and public accountability in Africa disappears in Washington headquarters of the World Bank and the IMF. The Bank is itself structurally and operationally unaccountable to the citizens of developing countries. Despite the continuous efforts by NGOs to make the Bank transparent, it's still secretive. In fact, after struggling for the past 10 years to reform the Bank, many activists and NGOs concluded that the Bank cannot be reformed.

Business as usual

UNNY



For a democracy, we've done quite well. We could've done even better, if we were a democracy without elections.

Courtesy: Unni/Economic Times

The Bank is not merely playing the role of lender but is using its "power of the purse" to legitimise and legislate policy focussing on macro-economic and social objectives. The Bank's principal weapon is conditionality. The loan imposes conditions and the conditions amount to the rewriting of laws otherwise preserve the legislative and policy-making control of the borrower governments legal amendments which undermine a country's development objectives, its sovereignty and ultimately the welfare of its citizens. This power was never contemplated at Bretton Woods. This authority derives primarily from the discussions its Executive Directors have in determining the Bank's functions.

Governance by the Bank is more pronounced in the context of policy based lending, e.g., structural adjustment loans.

Under the Bank's conditionalities, the Indian government has changed many laws. *[See Box on Page 59]*

Bank's Governance

Over the years, the Bank's governance has been failing. Willi Wapenhans, the Bank's Vice-President, was requested by Lewis Preston to postpone retirement and conduct an evaluation of the Bank's loan portfolio. In October 1992, Wapenhans report confirmed that the Bank funded projects were failing at an accelerating rate. This report describes a situation that the Bank itself might have

> This new discovery of good governance, transparency, democracy and public accountability in Africa disappears in Washington headquarters of the World Bank and the IMF.

characterised as bad governance. Usually, the Bank takes on a governance role that may best be closer to that of a trustee in bankruptcy. However, a trustee in bankruptcy ultimately is held accountable through a bankruptcy court, while there is no equavalent accountability for the Bank.

The Bank's lawmaking assumes the character of unconsented experimentation. In the medical context, a standard of informed consent has evolved. The Bank officials hold out highly experimental and contigent "shock therapy" and "treatments" as possible cures. The Bank's reservoir of expertise and control over access to resources lend authority to its pronouncements. This authority takes on a coercive character depending upon the country's level of need. The Bank's experts will not show the "patient" her chart, for to do so might create interference with the treatment. The Bank resists second opinions. A "Patient", particularly one making such decisions should see the chart, have access to second opinions and be able to choose alternative treatments. Isn't it ?

Amending Laws

In order to implement conditionalities posed by the World Bank and the IMF, the Indian Government has taken many steps to amend and change the existing legislations. These legislative changes cover vast range of areas like industry, banking, labour, public sector companies, health, power, foreign exchange and foreign capital.

Following is a list of laws which have been amended to implement structural adjustment programme in India.

- Inland Waterways Authority of India Act, 1985
- Inland Vassel Act
- Foreign Exchange Regulation Act,1973
- The Companies Act, 1956
- Industrial Finance Corporation Act
- Monopolies Restricted Trade Practices Act
- Industrial Disputes Act
- Indian Iron and Steel Company Act, 1972
- IISCO Act, 1976
- Indian Electricity Act
- The Electricity (Supply) Act, 1948
- Iron and Steel Companies and Miscellaneous Provisions Act, 1978
- Indian Trade Unions Act, 1926
- Bank Companies Act, 1970
- Indian Telegraph Act, 1885
- Mines and Minerals (Regulation and Development) Act
- Sick Industrial Companies Act, 1985
- Employees Provident Fund Act
- Merchant Shipping Act
- ONGC Act 1959
- Maternity Benefits Act, 1961
- Air Corporation Act, 1953

Campaigns

In India, the campaigns against the World Bank by people's movements, NGOs and activists are becoming more visible and articulate in the 1980s and 1990s. Majority of campaigns in India work within the arena of non-party political process. The examples include Narmada Bachao Andolan, Singrauli and Subarnarekha campaigns. Significantly, these campaigns are focussed on the victims of the Bank financed projects i.e. tribals and other displaced people.

These campaign groups are building solidarity and alliances with similar Bank's victim groups in India. They are sharing their experiences with each other and trying to build a strong network in the country. The recently formed CAWBADIA (Campaign Against the World Bank and Destructive International Aid) is an example. Besides, the campaign groups are making efforts to build solidarity and alliances with other campaign groups representing trade unions, peasant organisations, and students groups in India.

Realising that the issues related to the Bank are no longer national issues and cannot be responded in the context of national boundaries, the Indian groups have build trans-boundary alliances with a number of international groups. The international groups are launching campaigns in their countries through lobbying, advocacy and public education activities. Such groups are very active in countries which are majority share-holders of the Bank such as United States, Japan and Germany. These groups have been helpful in closely monitoring the Bank's activities on specific issues (e.g. Narmada) and disseminating information.

At the regional level, the Indian campaign groups are building alliances with victim groups in the third-world countries especially at the South Asian and South-East Asian levels.

Over the years, the Indian groups have used a variety of strategies to deal with the Bank. It varies from direct confrontation with the Bank's officials when they visit the area to policy dialogue with the officials.

The critical analysis of Bank's reports and documents have also strengthened the campaigns.

The educational activities such as exhibitions, posters, media campaign have strengthened the issues. The media campaign against the Bank funded Sardar Sarovar Project was very successful.

However, campaign groups in India represents two ideological positions, One position calls for more reforms within the Bank to make it more democratic, transparent and accountable, while the other position believes that the Bank cannot be reformed and therefore, calls for total dismantling of the Bank. These ideological positions are based on years of experiences of working against the Bank and therefore, cannot be ignored. It is interesting to note that the campaign groups continue to work together on Bank while maintaining their distinctive ideological positions. ■

Campaign

The World Bank and Sardar Sarovar Project : A Story of Unacceptable Means Towards Unacceptable Ends

By
Shripad Dharmadhikary
Narmada Bachao Andolan

On September 16, 1992, I invited Mr Ernest Stern, Managing Director, World Bank, alongwith his senior officials and spend the monsoon of 1993 in the lowest hut in Manibeli. The Bank's response to the Morse Report's severe indictment of the resettlement in the Sardar Sarovar Project, which the Bank had brought out just a few days earlier, had glibly stated that "expressions of alarm" regarding submergence of tribals by activists were "completely misplaced". If this was really the case, I told Mr Stern, then why not send a senior representative of the Bank to spend the monsoon there? Incensed, Mr Stern got up and walked out of the meeting!

This incident was typical of the way the Bank works. It dictates policies, influences and makes decisions, imposes its ways on the project—and yet, refuses to take responsibility for them or their consequences. This was also the hallmark of the Bank's involvement with the SSP.

Bank's Involvement in SSP

The Bank involvement with the SSP began in the early 80s when the Bank sent its first appraisal mission. It had also sanctioned a small amount for the initial project planning activities. While the basic parameters of the project had been decided by the NWDT, it was clear that it is not possible for India to go ahead with such a gigantic project without help from the World Bank. In fact, the Bank was also aware of this. In its Staff Appraisal Report of the Project, it wrote (under the heading "*Rationale of Bank involvement in SSP*") that it was not possible for India to go ahead with this project without the Bank involvement, and, that this project offered the best opportunity for modernisation of India's irrigation in the direction desired

by the Bank!

From the beginning, the Bank's intention to shape and control Indian irrigation sector and, as is now clear—its complete economy—was clear.

In 1985, the World Bank approved and agreements were signed for two loans to the project totalling 450 million US dollars. It was, and is, largely believed that the Bank provides aid to a project only after thoroughly studying the cost benefit aspects, its technological aspects, and, also the environmental and R & R aspects. So it was assumed to the case of SSP. Yet, the shocking fact was that when the credit agreements were signed in 1985, the SSP had not yet been cleared by our Central Government. The Ministry of Environment and Forest (MOEF) was refusing to clear it because crucial studies and plans were absent including the plans for R & R! And even the Planning Commission had not cleared the project! Clearly, the Bank did not have much use for the country's monitoring and clearing agencies. Its own stamp of approval was sufficient. And so pervasive was the Bank's influence, that officials in our own country started pushing for the clearance from the MOEF, giving the reason that "even the World Bank" had now approved the project.

The Bank involvement with the SSP began in the early 80s when the Bank sent the first appraisal mission. From the beginning, the Bank intention to shape and control Indian irrigation sector.

When the Government agencies themselves were bypassed, there was hardly any chance that the affected people would in anyway have been consulted by the Bank.

It was because of all this that the NBA started criticising and later opposing the Bank's role in the SSP.

People's Response to Bank

Contrary to what the government projects, the NBA never saw the World Bank as a "grievance cell" where it would take up complaints against the Indian Government. The basic stand was that while the Bank was clearly influencing and being party to major decisions. And when the project could not go ahead without the credibility and finance brought to it by the Bank, it was in no way accountable to anybody—neither the Government, nor the affected people.

On the other hand, people saw that the World Bank a party to the project, equally responsible for it and its consequences a la the government. And as the people's struggle challenged the government, it also started challenging the Bank. While the challenge on the field came from the affected people, in the national and international forums the groups

supporting the struggle started challenging it. Whenever the Bank officials visited the field, the affected people would "gherao" them, confronting them with questions. These questions ranged from the issues of R&R to project benefits, and to the role of the Bank itself in the project.

Emergence of Global Alliance

At the international level, more and more organisations started maintaining regular touch with the happenings in the Narmada Valley, and started questioning and challenging the Bank at regular intervals and at every available forum. This soon evolved into an informal but highly organised group—the Narmada Action Committee. The members of the Narmada Action Committee would receive information from the valley (and elsewhere), and would act as a nodal centre for disseminating and powerfully using this in their own countries to challenge their own Governments. In many cases, their basic stand was - we would not like our tax money to be used to finance destructions. In many cases this exercise also led these groups to challenge the general conditions and policies relating to the 'official aid' from these countries. An interesting case is that of Japan, where the Narmada struggle led to large changes in the policies related to the Official Development Aid (ODA).

The Bank's reactions to all these fundamental issues raised was typical. It denied that anything was wrong and started defending the project. However, while outside it kept up the pretence of 'all is well', inside it was well aware that things were seriously wrong with the project. For example in 1988, Shri Moin Quereshi, then Vice President of the Bank wrote to the three Chief Ministers concerned, pointing out the serious lapses in the project, and threatened not to extend the credit to the project. Such conditions were imposed from time to time. Thus, the Bank clearly knew that things were wrong. Yet, it seems that this had become a "prestige issue" for the Bank. The Bank became the biggest defender of the Project. In 1990, it brought out and widely circulated a note on the SSP, heaping praises on the project. Ironically, this blatant defence of the project by the Bank continued even as it was preparing to commission the Independent Reveiw.

Whenever the Bank officials visited the field, the affected people would "gherao" them, confronting them with questions. These questions ranged from the issues of R&R to project benefits, and to the role of the Bank itself in the project.

Independent Review

Under great pressure from the affected people, the Indian and International NGOs, and donor governments, the Bank appointed an Independent Review to look into the environmental and R&R aspects of the SSP. The Review, headed by former chief of UNDP Mr. Bradford Morse, and co-headed by Canadian lawyer and jurist Thomas Berger, was simply unprecedented in the history of the Bank. It was for the first time that an ongoing project was being independently re-examined for the Bank, that too by a panel of such eminence. The Independent Review spent over 10 months on the job, a large part of this in the field. They met the Government officials, the affected people, the NGOs attempting to resettle the people, and, of course, the Narmada Bachao Andolan.

The report was not only historic but the report vindicated what the people's struggle had been saying for so many years, it also lucidly described how the Bank had violated almost every directive and policy that it had laid down for itself.

> **The Bank clearly knew that things were wrong. Yet, it seems that this had become a "prestige issue" for the Bank. The Bank became the biggest defender of the Project.**

It said that the project was fundamentally flawed, that R&R and environmental assessments were not even complete. More significantly, it held the World Bank squarely and equally responsible for the present situation and called for the Bank to "step back". It also warned that the project could go on only with the use of : "unacceptable means".

Bank's Response to Review

The Bank's reaction to the report was typical. Instead of gracefully accepting the findings and acknowledging that it had been wrong in defending the project, the Bank stepped up its defence of the project. On the same day as the Morse team's report was released, Lewis Preston, the President of the Bank issued a press statement, saying, "continued support to the project is justified". The entire NGO community, the affected people were aghast. This reaction of the Bank did more to reveal the true nature of the Bank than anything else.

What followed was nothing short of a massive cover up operation launched by the Bank with the collusion of Indian Government.

The Bank meanwhile was launching its "operation cover-up" and sent a 14 member mission to India to examine the situation in light of the Morse Report. The mission, headed by Ms. Pamela Cox spent exactly 14 days in the country and came out with a report which said essentially that the Morse report had

exaggerated the situation, and while there were problems - they could always be solved with a little bit of this or a little bit of that. A typical World Bank approach which itself had been criticised by the Morse team, and which the team had held responsible for the aggravation of an already difficult situation. The Cox mission met only the Government officials and the affected people that the Government took them to. They did not meet those affected by the canal and other parts of the project. Because of its blatant attempts at the cover up, the Cox mission was dubbed by the people as "Whitewash mission". The Cox mission recommended that with certain "conditions" the criticism of the Morse team could be taken care of, and the credit to the project continued.

Meanwhile, as more and more nations studied the Morse report, they started coming out with the clear stand on the issue, many calling for the Bank to withdraw from the project. But even then, the Bank management, whose deep personal involvement had made it a prestige issue was not able to see the situation objectively. The "Operation cover up" continued. On Sept. 11, 1992, the Bank brought out its official response to the Morse Report titled, "Sardar Sarovar Project: Review of Current Status and Next Steps". Popularly referred to as "next steps", it was out and out an attempt to brush away the findings of the Morse team. It was so blatant, that Mr. Morse, whose official role was over with the submission of the report was forced to fire an angry letter to the President of the Bank, on whose name "Next Steps" had been issued. In the letter, he said, *"We are concerned that it has become necessary to write this letter... It is clear that the Bank's "next Steps" document has sought to present a version of our report that is at variance with the report itself...*

The Bank may reject our findings... The Bank may decide that over-riding political and economic considerations are so compelling that its Operational Directives are irrelevant....But it should not seek to reshape our report to support such decisions".

The Government of India, which always accuses the NBA of going to foreign Governments, sent a series of high powered delegations to the major countries to solicit their support for the continuation of the SSP loan.

Meanwhile, the Government of India, which always accuses the NBA of going to foreign Governments, sent a series of high powered delegations to the major countries to solicit their support for the continuation of the SSP loan. Delegations of the level of Central Ministers and State Chief Secretaries went to Japan, UK, USA, Canada & Germany. The crucial vote took place on Oct. 30, 1992. Six

major shareholder countries Directors voted against the continuation, and called for the Bank to 'step back'. These were - USA, Germany, Japan, Canada, Australia and the Nordic Countries. However, the continuation was approved with 58%:42% vote in its favour. The Government of India was asked to fulfill a set of conditions and benchmarks by March 31, 1993, when a fresh review would take place.

A look at these "benchmarks" shows the state of the project. The very first benchmark says that the government must have ready, by the end of March 1, 1993 the "accurate estimate of the number of people to be affected by the project" If even this was not known 14 years after the Tribunal Award and seven years after the Banks approval of credit, the situation and the basis of the Bank's claim that all is well can well be imagined.

In any case, the Indian Government, desperate to at least show that it was trying to fulfill the conditions, unleashed the full force of the State. The Morse report had warned, that any further progress on the project could take place "only with the use of unacceptable means". The warning proved prophetic. The Government launched a massive bout of repression in the valley, with hundreds of people being arrested, many badly beaten, many tortured, and hundreds charged with false cases.

> **All the world over, of course, it was seen and hailed as the victory of the people's struggle not only in the valley, but also of the social action groups and concerned individuals all over the world.**

Operation Cover Up

Yet, it was becoming clear to the Government that the conditions and benchmarks - which represented the minimum essentials were simply not possible to fulfill. More important, the Government was this time clear that it would not be possible to prepare some kind of cover-up for the lack of fulfilment of the conditions, as too many people all over the world were watching it too closely. It seemed clear that when March 31 came, the Government would have to face the ignominy of the Bank withdrawing from the project. This was becoming clear to the Bank also. But withdrawing from the project would mean admitting that things were seriously wrong with the project and would go against everything the Bank had been saying till then. The situation was indeed difficult for both, and away had to be found. It was, on March 30, 1993, just one day before the end of the deadline, the Government of India told the Bank that it did not want the Bank's aid in SSP; the reasons given for this refusal were that the Bank was imposing too many and

MANIBELI DECLARATION

- The World Bank is the greatest single source of funds for large dam contruction, having provided more than US$50 billion (1992 dollars) for construction of more than 500 large dams in 92 countries.
- Since 1948, the World Bank has financed large dam projects which have forcibly displaced 10 million people from their homes and lands.
- The World Bank is planning to fund over the next three years 18 large dam projects which will forcibly displace another 4,50,000 people, without any credible guarantee that its policy on resettlement will be enforced.
- The environmental and social costs of World Bank-funded large dams, in terms of people forced from their homes, destruction of forests and fisheries, and spread of waterborne diseases, have fallen dispropor-tionately on women, indigenous communities, tribal peoples and the poorest and most marginalized sectors of the population.
- The World Bank has prioritized lending for large dams which provide electricity to transnational industry and to urban elites, and irrigation water supply for export-oriented agriculture, neglecting the most pressing needs of the rural poor and other disadvantaged groups.
- Conclude that the World Bank has to date been unwilling and incapable of reforming its lending for large dams; and call for an immediate moratorium on all World Bank funding of large dams including all projects currently in the funding pipeline, until
- The World Bank establishes a fund to provide reparations to the people forcibly evicted from their homes and lands by Bank-funded large dams without adequate compensation and rehabilitation.
- The World Bank commissions, reviews and implements the recommendations of an independent comprehensive review of all Bank-funded large dam projects to establish the actual costs, and the actually realized benefits of each project.
- The World Bank cancels the debt owed for large dam projects in which the economic, environmental and social costs are found to outweigh the realized benefits.
- The World Bank develops new project appraisal techniques to assure that estimates of the costs and benefits, risks and varied impact of large dams under consideration are rigorously based on the actual experience with the Bank funded large dams.
- The Bank makes all information on large dam projects, including past and current projects and projects under consideration, freely available to the public.
- The World Bank requires independent monitoring and evaluation of preparation of large dam projects and systematic monitoring and auditing of project implementation, by persons outside the Bank and with no stake in the outcome of the project.
- A formal decision is taken by the Bank to permanently halt all funding of large dams through the International Development Association (IDA), funding which is inconsistent with the IDA-10 donor's agreement.

—***Signed by Hundreds of Organisations in the World***

unnecessary conditions, and this was against the nation's pride and sovereignty. Of course, why the Government realised this only when just a day was left for these conditions, and not when the conditions were actually imposed, does not require any imagination.

The story of the Narmada has shown that if the people of this country decide to fight, it is possible to throw out of this country the powerful agencies like the World Bank

Both parties were happy. The Government of India went around claiming that it had rescued the sovereignty of the country from the clutches of the World Bank and its conditionalities (no matter that in the rest of the economy we had capitulated completely). The Bank, meanwhile was happy that it did not have to take any stand on the SSP, and had no further responsibility in the project.

People's Victory

The world over, it was seen and hailed as the victory of the people's struggle not only in the valley, but also of the social action groups and concerned individuals all over the world. The NBA and its supporters called for the resignation of Preston, and the dismissal of the staff who were responsible for the continuation of the Bank credit after the Morse report. But it was also clear to the NBA and the vast international network supporting it that the story did not end here.

The issue of the accountability of the Bank was still not over. The Bank had been a party to the project for seven long years, and was equally responsible for the destruction that had already taken place and that was to follow. It could not walk away. It had to be made to accept its responsibility.

Meanwhile, the Bank's withdrawal from the SSP, and the whole Narmada case had completely shaken the Bank's internal system as well as the donor Government's aid set-up. As a direct consequence, the Bank ordered a review of the resettlement in about 147 major past projects all over world. 23 are from India. This review is still ongoing. The other fallout of this victory, and the numerous other pressures on the Bank for accountability, forced the Bank to set up the "Independent Panel" for examining Bank projects.

However, the story of the Narmada has shown that if the people of this country decide to fight, it is possible to throw out of this country the powerful agencies like the World Bank, who alongwith the other international forces are trying to recolonise and exploit our economy. The Narmada struggle is only a part of this large struggle. ■

Campaign Organisations

In India, a number of NGOs, peoples movements, trade unions and activists have launched campaign against various Bank's project and policies. Following is a list of such organisations. You are requested to get in touch with these organisations to know about their campaign activities against the World Bank.

- **On World Bank**

CAWBADIA
(Campaign Against World Bank and Destructive International Aid)
Contact—J. John
F-10/12, Malviya Nagar,
New Delhi - 110017
Phone : *11-6426783*
Fax : *11-6426914*

- **On Sardar Sarovar**

NBA (Narmada Bachao Andolan)
Contact—Medha Patkar
Uday Niwas, 2nd floor,
Above Anerao Clinic, Shivaji Road, Dandia Bazar, Baroda.
Phone : 0265-558963
Fax : CTD-451963

- **On Handloom Weavers**

HMKP (Hind Mazdoor Kisan Panchayat)
Contact—Jaya Jaitly
3, Krishna Menon Marg,
New Delhi
Phone : *11-3017172*
Fax : *11-3793397*

- **On Singrauli**

Srijan Lokhit Samiti
Navjeevan Vihar,
Vindhyanagar, Sidhi
Madhya Pradesh
Contact—Awadesh
Fax : 054463-2206

- **On Indravati**

Contact—N. Ahmad
C/o Banka Behari Das
14, Ashok Nagar,
Bhubaneshwar-751 009
Phone : *400305*

- **On Energy Policy**

National Working Group on Power Sector
Contact—K. Ashok Rao
J-152, Saket, New Delhi-17
Phone : *11-652376*
Fax : *11-4617749*

- **On Population Policy**

Saheli
Contact—Kalpana Mehta
Under Defence Colony
Flyover, New Delhi - 110024
Phone : *11-4616485*

- **On Subarnarekha**
  - Vishthapit Mukti Vahini
    Contact—Arvind Anjum
    A-4/85, 'A' Road, TelcoColony,
    Jameshedpur - 831004, Bihar
  - Poorvi Kolhan Vishthapit Sangh
    Contact—Shanker Sundi
    Vill. & Post—Barkundia
    Chaibasa, Singhbhum [West], Bihar

- **On Agriculture Policy**
  Rajasthan Kisan Sanghthan
  Contact—Srilata Swaminadhan
  Village & Post—Ghantali, via Khamera, Banswara, Rajasthan

- **On Structural Adjustment**
  Contact PIRG

- **On Education Policy**
  AISA (All India Students Association)
  Contact—Dhirendra Jha
  30, Meena Bagh, Maulana Azad Road, New Delhi
  Phone : 11-3792655
  Fax : 11-6866926

- **On Privatisation and Workers Issues**
  Sponsoring Committee of Indian Trade Unions
  Contact—M.K. Pandhe
  6, Talkatora Road,
  New Delhi - 110001
  Phone : 11-3714071

Some Basic World Bank Documents

- **The Monthly Operational Summary (MOS)** contains information on all projects. The information for each project includes the name of borrower country, the agency implementing the project, the amount of money in the loan, a description of the project, consulting services needed, and the stage of the project in the project style. The MOS can be obtained by NGOs from the following address: *The World Bank, International Economic Relations Division, 1818 H Street, NW, Washington, DC 20433, USA.*
- **The Sourcebook** is a three-volume book which describes the Bank's environment policy in detail, discussing, among other things, the assessment process, social and cultural issues and community involvement in environmental review, and guidelines for projects in various sectors. NGOs may request the Source book from : *The Bank Information Center, 2025 I Street, NW, Room 522, Washington, DC 20006, USA.*
- **Staff Appraisal Reports (SARs)** summarize a project's environment and social impacts and contain the official record of public participation.
- *Many of Bank's documents are available at the Bank's Resident Representative Office in India. Address: The World Bank, 69-70, Lodi Estate, New Delhi-110003 Phone : 4617241, 4619497; Fax : 4619393*

The World Bank Financed Projects in India

(IBRD Loans and IDA Credits)

[1949 - 1994]

Project Description	Approval Date*	IBRD/ IDA	Amount [US $ million]
Structural Adjustment			
1. Structural Adjustment	12.05.91	IBRD	250.00
2. Structural Adjustment	12.05.91	IDA	220.00
3. Structural Adjustment	12.05.91	IDA	30.00
4. Social Safety Net	12.17.92	IDA	87.40
5. Social Safety Net	12.17.92	IDA	89.40
6. Social Safety Net	12.17.92	IDA	119.40
7. External Sector & Investment	06.24.93	IBRD	300.00
Sub-total structural adjustment			**1096.20**
Transportation & Telecommunication			
1. Railways	08.18.49	IBRD	34.00
2. Second Railways	07.12.57	IBRD	35.70
3. Second Railways	7.12.57	IBRD	11.20
4. Second Railways	7.12.57	IBRD	19.11
5. Second Railways	7.12.57	IBRD	24.00
6. Railways III	9.12.58	IBRD	85.00
7. Railways IV	7.14.59	IBRD	50.00
8. Railways V	7.28.60	IBRD	70.00
9. Railways VI	10.12.61	IBRD	50.00
10. Railways Improvement	3.21.63	IDA	81.43
11. Railways Improvement	10.22.64	IDA	74.79
12. Ninth Railway Project	6.28.66	IDA	82.03
13. Tenth Railway Project	9.23.69	IDA	66.35
14. Eleventh Railway Project	1.11.72	IDA	79.98
15. Twelfth Railway Project	12.18.73	IDA	80.00
16. Thirteenth Railway Project	08.19.75	IDA	110.00
17. Railway Modernization & maintenance	08.08.78	IDA	190.00
18. Second Railway Modernization	11.16.82	IDA	200.00
19. Railway Modernization & maintenance	11.16.82	IBRD	200.00
20. Railway Electrification	05.17.84	IBRD	280.70
21. Railway Modernization III	05.05.88	IBRD	390.00
Sub-Total Railways			**2214**
1. Highway construction & improvement	06.20.61	IDA	72.11
2. Bihar Rural Road	11.11.80	IDA	35.00

* Month / Day / Year

Project Description	Approval Date	IBRD/ IDA	Amount [US $ million]
3. National Highway II	05.09.85	IBRD	200.00
4. Gujarat Rural Roads	02.17.87	IDA	119.60
5. States Road	10.20.88	IBRD	170.00
6. States Road	10.20.88	IDA	80.00
7. National Highway II	05.12.92	IBRD	153.00
Sub-Total Roads			**983**
1. Madras Port Trust	04.15.58	IBRD	14.00
2. Calcutta Port Trust	04.15.58	IBRD	29.00
3. Calcutta Port Trust	07.06.61	IBRD	21.00
4. Bombay Port Trust	07.10.62	IDA	21.09
5. Shipping Project	03.07.72	IDA	84.69
6. Nhava Sheve Port	03.13.84	IBRD	250.00
Sub-Total Ports & Shipping			**420**
1. Air India	03.04.57	IBRD	5.60
Sub-Total Airways			**5.60**
1. Telecommunication Project I	09.13.62	IDA	50.62
2. II Telecommunication Project	07.02.64	IDA	39.81
3. III Telecommunication Project	06.17.69	IDA	33.14
4. Telecommunication Project	06.17.69	IBRD	27.50
5. IV Telecommunication Project	04.27.71	IDA	78.58
6. V Telecommunication Project	06.19.73	IDA	80.00
7. VI Telecommunication Project	07.06.76	IBRD	80.00
8. VII Telecommunication Project	06.08.78	IBRD	120.00
9. VIII Telecommunication Project	03.17.81	IDA	314.00
10. IX Telecommunication Project	05.14.87	IBRD	345.00
Sub-Total Telecommunications			**1169**
Sub-Total Transport & Telecommunications			**4791**
<u>Power</u>			
1. Bokaro - Konar	04.18.50	IBRD	18.50
2. DVC Project	01.23.53	IBRD	19.50
3. Tata Power Companies	11.19.54	IBRD	16.20
4. Trombay expansion	05.28.57	IBRD	9.80
5. III DVC Project	07.22.58	IBRD	25.00
6. Koyna I	04.07.59	IBRD	25.00
7. Durgapur Power Extension	02.13.62	IDA	21.88
8. II Koyna Project	08.07.62	IDA	21.10
9. Kothagudem Project	05.23.63	IDA	24.13
10. Kothagudem Phase II	06.08.65	IBRD	14.00
11. Power Transmission I	06.08.65	IBRD	70.00

Project Description	Approval Date	IBRD/ IDA	Amount [US $ million]
12. Power Transmission II	04.27.71	IDA	75.00
13. Power Transmission III	03.27.73	IDA	85.00
14. Rural Electrification Project	07.08.75	IDA	57.00
15. Power Transmission Project IV	01.13.76	IDA	150.00
16. Singrauli Power Project	03.01.77	IDA	150.00
17. Korba Thermal Power Project	04.18.78	IDA	200.00
18. Trombay Thermal Power Project	04.18.78	IBRD	105.00
19. Ramagundam Thermal Power I	01.04.79	IDA	200.00
20. Ramagundam Thermal Power I	01.04.79	IBRD	50.00
21. Rural Electrification II	05.22.79	IDA	175.00
22. Singrauli Power II	05.22.80	IDA	300.00
23. Farakka Power Station	06.26.80	IBRD	25.00
24. Farakka Power Station	06.26.80	IDA	225.00
25. Korba Thermal Power II	07.07.81	IDA	400.00
26. Ramagundam Thermal Power II	12.22.81	IBRD	300.00
27. Rural Electrification III	06.01.82	IBRD	304.50
28. Upper Indravati Hydro	05.10.83	IBRD	156.40
29. Upper Indravati Hydro	05.10.83	IDA	170.00
30. Central Power Transmission	05.19.83	IBRD	250.70
31. Indira Sarovar Hydroelectric	05.17.84	IBRD	157.40
32. Farakka Thermal II	06.14.84	IBRD	300.00
33. Trombay IV	06.27.84	IBRD	135.00
34. Chandrapur Thermal Power	05.16.85	IBRD	300.00
35. Rihand Power Transmission	05.28.85	IBRD	250.00
36. Kerala Power	06.13.85	IBRD	176.00
37. Indra Sarovar hydro-electric	06.18.85	IDA	143.00
38. Combined Cycle Power Project	04.01.86	IBRD	485.00
39. Karnataka Power	06.04.87	IBRD	330.00
40. National Capital Power	06.17.87	IBRD	485.00
41. Talcher Thermal Power	06.17.87	IBRD	375.00
42. Karnataka Power II	05.10.88	IBRD	260.00
43. UP Power	06.15.88	IBRD	350.00
44. Nathpa Jhakri Power	03.02.89	IBRD	485.00
45. Maharashtra Power	06.15.89	IBRD	400.00
46. Northern Region Transmission	06.26.90	IBRD	485.00
47. Tata Hydroelec. Andhra Valley	06.26.90	IBRD	98.00
48. BSES Private Power Utilities	06.13.91	IBRD	200.00
49. Maharastra Power II	06.25.92	IBRD	350.00
50. Renewable Resource Dev.	12.17.92	IDA	115.00
51. Power Utilities Efficiency	01.28.92	IBRD	265.00
52. Power Grid Corporation of India	03.23.93	IBRD	350.00
53. Power Finance Corporation Ltd.	06.24.93	IBRD	20.00

Project Description	Approval Date	IBRD/ IDA	Amount [US $ million]
54. National Thermal Power Corp.	06.29.93	IBRD	400.00
Sub Total Power			**10559.31**
1. Coal Project—GOI	08.08.61	IBRD	35.00
2. Dudichua Coal	03.20.84	IBRD	151.00
3. Jharia Coking Coal	03.07.85	IBRD	248.00
4. Coal (mining & quality imp)	04.21.87	IBRD	340.00
5. Jharia Mine Fire Control	12.17.92	IDA	12.00
Sub-Total Coal Mining			**786.00**
6. Bombay High Offshore Dev.	06.30.77	IBRD	150.00
7. II Bombay High Offshore Dev.	12.09.80	IBRD	400.00
8. Refineries Rationalization	04.06.82	IBRD	200.00
9. Krishna - Godavari Petroleum	10.19.82	IBRD	165.50
10. South Bassein (offshore) Gas Dev.	02.24.83	IBRD	222.30
11. Cambay Basin Petroleum	03.29.84	IBRD	242.50
12. Oil India Petroleum	03.10.87	IBRD	140.00
13. Western Gas Development	02.02.88	IBRD	295.00
14. IOC Ltd. - Petroleum Transport	04.27.89	IBRD	340.00
15. Second Petrochmicals Dev.	09.13.90	IBRD	12.00
16. IPCL Second Petrochemicals Dev.	09.13.90	IBRD	233.00
17. ONGC - Gas Flaring Reduction	06.25.91	IBRD	450.00
18. Oil and Gas Sector Development	07.23.91	IBRD	150.00
19. Power Utilities Efficiency	01.28.92	IBRD	265.00
Sub Total Oil and Gas			**3265.30**
Sub Total Mining & Exploration			**4166.30**
<u>Urban Development & Human Resources</u>			
1. Bombay Water Supply & Sewerage	05.15.73	IDA	55.00
2. Calcutta Urban Devel. Project	08.14.73	IDA	35.00
3. UP Water Supply & Sewerage	08.19.75	IDA	40.00
4. Bombay Urban Transport	10.26.76	IBRD	25.00
5. Madras Urban Transport	03.08.77	IDA	24.00
6. Calcutta Urban Development II	12.13.77	IDA	87.00
7. Bombay Water Supply & Sewerage	07.25.78	IDA	196.00
8. Punjab Water Supply & Sewerage	09.12.78	IDA	38.00
9. Maharashtra Water Supply & Sewerage	05.01.79	IDA	48.00
10. Calcutta Urban Transport Project	06.03.80	IDA	56.00
11. Rajasthan Water Supply & Sewerage	05.15.73	IDA	80.00
12. Madras Urban II	12.16.80	IDA	42.00
13. Kanpur Urban Development	10.27.81	IDA	25.00
14. Gujarat Water Supply & Sewerage	07.06.82	IDA	72.00
15. Third Calcutta Urban Development	05.19.83	IDA	147.00

Project Description	Approval Date	IBRD/ IDA	Amount [US $ million]
16. M.P. Urban Development	06.28.83	IBRD	24.10
17. Tamil Nadu Water Supply	03.29.84	IDA	73.00
18. Bombay Urban Development	01.29.85	IDA	138.00
19. Kerala Water Supply & Sanitation	07.16.85	IDA	41.00
20. Gujarat Urban Development	12.17.85	IDA	62.00
21. III Bombay water supply	12.16.86	IDA	145.00
22. Bombay Urban Development	12.16.86	IBRD	40.00
23. UP Urban Development	04.21.87	IDA	130.00
24. UP Urban Development	04.21.87	IBRD	20.00
25. Madras Water Supply	06.17.87	IDA	16.00
26. Madras Water Supply	06.17.87	IBRD	53.00
27. HDFC	03.31.88	IBRD	250.00
28. Tamil Nadu Urban Development	06.15.88	IDA	300.20
29. Hyderabad Water Supply	03.27.90	IDA	79.90
30. Hyderabad Water Supply	03.27.90	IBRD	10.00
31. Maharashtra Rural Water Supply	05.02.91	IDA	109.90
32. Karnataka Rural Water Supply	04.20.93	IDA	92.00
Sub-Total Urban Devel. & Water Supply			**2554.10**
Urban Development & Human Resources [Contd.]			
1. Population Project	05.30.72	IDA	21.20
2. Population II	02.12.80	IDA	46.00
3. Population III	12.13.83	IDA	70.00
4. Population IV	07.23.85	IDA	51.00
5. Population V (Bombay & Madras)	06.21.88	IDA	57.00
6. Population VI	06.29.89	IDA	113.00
7. Population VI	06.29.89	IBRD	11.30
8. Population VII	05.17.90	IDA	86.70
9. Population VII	05.17.90	IBRD	10.00
Sub Total Population			**466.50**
Others			
1. Education Project	10.24.72	IDA	12.00
2. Tamil Nadu Nutrition Project	04.15.80	IDA	32.00
3. Vocational Training	04.27.89	IDA	250.00
4. Vocational Training	04.27.89	IBRD	30.00
5. Technical Education	05.01.90	IDA	235.00
6. Technical Education	05.01.90	IBRD	25.00
7. Tamil Nadu Nutrition Project II	06.14.90	IDA	95.80
8. Integrated Child Development Services	09.04.90	IBRD	10.00
9. Integrated Child Development Services	09.04.90	IDA	96.00
10. Second Technical Education	03.28.91	IDA	307.10
11. Child Survival and Safe Motherhood	09.17.91	IDA	214.50

Project Description	Approval Date	IBRD/ IDA	Amount [US $ million]
12. National Aids Control	03.31.92	IDA	84.00
13. Family Welfare (urban slums)	06.18.92	IDA	79.00
14. Second ICDS	03.09.93	IDA	194.00
15. UP Basic Education	06.10.93	IDA	165.00
16. National Leprosy Eradication	06.29.93	IDA	85.00
Sub-Total others			**1914.40**
Sub-Total Urban Development & Human Resources			**4935.00**
<u>Industry</u>			
1. ICICI	12.21.54	IBRD	10.00
2. ICICI	07.14.59	IBRD	10.00
3. ICICI	10.27.60	IBRD	20.00
4. ICICI	02.27.62	IBRD	20.00
5. ICICI	06.04.63	IBRD	30.00
6. ICICI	05.27.65	IBRD	50.00
7. ICICI	09.12.67	IBRD	25.00
8. ICICI	06.03.70	IBRD	40.00
9. ICICI	10.26.71	IBRD	60.00
10. ICICI	06.07.73	IBRD	70.00
11. ICICI	04.01.75	IBRD	100.00
12. ICICI	07.05.77	IBRD	80.00
13. ICICI	05.13.80	IBRD	100.00
14. ICICI	10.06.81	IBRD	150.00
15. ICICI	10.29.85	IBRD	160.00
16. ICICI	05.12.89	IBRD	175.00
17. ICICI	06.15.89	IBRD	101.00
Sub-Total ICICI			1201.00
1. IDBI	01.09.73	IDA	25.00
2. IDBI	05.18.76	IBRD	40.00
3. IDBI	01.19.78	IBRD	25.00
4. IDBI	06.15.89	IBRD	101.00
Sub-Total IDBI			191.00
Sub-Total Financial Institutions			1392.00
1. Industrial Imports Project	06.04.64	IDA	109.00
2. II Industrial Imports Project	08.10.65	IDA	120.63
3. III Industrial Imports Project	08.18.66	IDA	180.95
4. IV Industrial Imports Project	12.22.66	IDA	78.41
5. V Industrial Imports Project	01.14.69	IDA	150.79
6. VI Industrial Imports Project	04.21.70	IDA	90.48
7. VII Industrial Imports Project	06.08.72	IDA	79.06

Project Description	Approval Date	IBRD/ IDA	Amount [US $ million]
8. VIII Industrial Imports Project	06.07.73	IDA	100.00
9. IX Industrial Imports Project	05.28.74	IDA	150.00
10. X Industrial Imports Project	02.11.75	IDA	200.00
11. XI Industrial Imports Project	02.24.71	IDA	200.00
Sub-Total Industrial Imports			**1459.00**
1. Industrial Exports	10.29.85	IBRD	90.00
2. Export Development	05.12.89	IBRD	120.00
Sub-Total Industrial Exports			**210.00**
1. FACT - Cochin Phase II	07.01.71	IDA	20.11
2. FCI - Gorakhpur	12.21.71	IDA	10.02
3. FCI - Nangal	01.30.73	IDA	58.00
4. FCI - Trombay expansion	06.18.74	IDA	50.00
5. FCI - Sindri Modernization	11.26.74	IDA	91.00
6. IFFCO - Phulphur	01.07.75	IBRD	109.00
7. Fertilizer Industry	12.16.75	IDA	105.00
8. Hazira Fertilizer	03.31.81	IDA	400.00
9. THAL Fertilizer	06.26.79	IBRD	250.00
10. Madhya Pradesh Fertilizer	05.17.84	IBRD	203.60
11. Indian Farmers Fertilizer Coop.	06.26.86	IBRD	150.20
12. Indian Farmers Fertilizer Coop.	06.26.86	IBRD	152.00
Sub-Total Fertilizers			**1599**
1. IISCO	12.17.52	IBRD	31.50
2. Steel - TISCO	06.26.56	IBRD	75.00
3. IISCO II	12.28.56	IBRD	20.00
4. Steel - TISCO II	11.19.57	IBRD	32.50
5. IISCO III	12.21.61	IBRD	19.50
6. IISCO IV	07.07.66	IBRD	30.00
Sub-Total Steel			**208.50**
1. Tamil Nadu Newsprint	09.15.81	IBRD	100.00
2. Maharashtra Petrochemicals	03.19.85	IBRD	300.00
3. Cement Industry	03.20.86	IBRD	165.00
4. Cement Industry	03.20.86	IBRD	35.00
5. Indl Finance & Tech Assistance	03.31.88	IBRD	360.00
6. Electronics Industry Development	06.15.89	IBRD	8.00
7. Industrial Technology Development	09.12.89	IDA	55.00
8. Industrial Technology Development	09.12.89	IBRD	145.00
9. Cement Industry Restructuring	05.15.90	IBRD	300.00
10. Emergency Reconstruction	10.04.90	IBRD	40.00

Project Description	Approval Date	IBRD/ IDA	Amount [US $ million]
11. Emergency Reconstruction	10.04.90	IDA	170.00
12. Industrial Pollution Control	05.30.91	IBRD	124.00
13. Industrial Pollution Control	05.30.91	IDA	32.00
14. Rubber	07.02.92	IDA	92.00
15. Tamilnadu Newsprint and Paper	12.17.92	IBRD	75.00
Sub-Total Other Industries			**2000.60**
Sub-Total Industry			**6869**
Irrigation			
1. Tube Well Irrigation	09.05.61	IDA	7.00
2. Salandi Irrigation Project	11.14.61	IDA	9.54
3. Shetrunji Irrigation Project	11.14.61	IDA	5.19
4. Punjab Flood Protection & Drainage	11.14.61	IDA	12.05
5. Sone Irrigation Project	06.29.62	IDA	18.09
6. Purna Irrigation Project	07.07.62	IDA	15.67
7. Beas Equipment Project	06.28.66	IDA	26.59
8. Kadana Irrigation Project	02.03.70	IDA	36.55
9. Pochampad Irrigation	07.06.71	IDA	40.60
10. Chambal Irrigation Project (Raj.)	06.18.74	IBRD	52.00
11. Rajasthan Canal CAD Project	07.16.74	IDA	83.00
12. Godavari River Barrage	02.27.75	IDA	45.00
13. Chambal CAD - MP	06.17.75	IDA	24.00
14. AP Irrigation Project	05.04.76	IBRD	145.00
15. Tamil Nadu Irrigation	06.02.77	IDA	23.00
16. Maharashtra Irrigation	07.19.77	IDA	70.00
17. Orissa Irrigation	09.06.77	IDA	58.00
18. Karnataka Irrigation	04.04.78	IDA	126.00
19. Gujarat Irrigation	05.23.78	IDA	85.00
20. Haryana Irrigation	08.08.78	IDA	111.00
21. Punjab Irrigation	03.29.79	IDA	129.00
22. Maharashtra Irrigation	10.16.79	IDA	210.00
23. UP Public Tubewells	04.15.80	IDA	18.00
24. Gujarat Irrigation II	04.29.80	IDA	175.00
25. Mahanadi Barrage	12.02.80	IDA	83.00
26. MP Medium Irrigation	03.17.81	IDA	140.00
27. Karnataka Tanks	03.19.81	IDA	54.00
28. MP Major Irrigation	09.15.81	IDA	220.00
29. Kallada Irrigation & Tree Devel	06.24.82	IDA	60.00
30. Kallada Irrigation	06.24.82	IBRD	20.30
31. Second Chambal (MP) Irrigation	08.10.82	IDA	31.00
32. Subarnarekha Irrigation	08.17.82	IDA	127.00

Project Description	Approval Date	IBRD/ IDA	Amount [US $ million]
33. Second Haryana Irrigation	01.25.83	IDA	150.00
34. Second UP Tubewells	03.08.83	IDA	101.00
35. Maharashtra Water Utilisation	06.09.83	IBRD	22.70
36. Maharashtra Water Utilisation	06.19.83	IDA	32.00
37. Orissa Irrigation II	07.07.83	IDA	105.00
38. Rainshed Area watershed Devel.	12.08.83	IDA	31.00
39. Periyar Vaigal Irrigation II	05.01.84	IDA	35.00
40. Upper Ganga Irrigation	05.24.84	IDA	125.00
41. Gujarat Medium Irrigation II	06.12.84	IDA	172.00
42. Sardar Sarovar Dam	03.07.85	IDA	100.00
43. Sardar Sarvoar Dam Power	03.07.85	IBRD	200.00
44. Water Delivery & Drainage	03.07.85	IDA	150.00
45. Maharashtra Composite Irrigation	07.02.85	IDA	160.00
46. W.Bengal Minor Irrigation	07.16.85	IDA	99.00
47. II AP irrigation	03.20.86	IDA	140.00
48. Andhra Pradesh Irrigation II	03.20.86	IBRD	131.00
49. Bihar Public Tubewell	10.16.86	IDA	68.00
50. National Water Management	03.24.87	IDA	114.00
51. Upper Krishna (Phase II) Irrigation	05.04.89	IDA	160.00
52. Upper Krishna (Phase II) Irrigation	05.04.89	IBRD	165.00
53. Punjab Irrigation & Drainage	12.14.89	IDA	150.00
54. Punjab Irrigation & Drainage	12.14.89	IBRD	15.00
55. Integrated Watershed Development	03.06.90	IDA	75.00
56. Integrated Watershed Development	03.06.90	IBRD	13.00
57. Integrated Watershed Development	05.15.90	IDA	55.00
58. Integrated Watershed Development	05.15.90	IBRD	7.00
59. Dam Safety	05.14.91	IBRD	23.00
60. Dam Safety	05.14.91	IDA	130.00
61. Water Resources Consolidation	03.29.94	IDA	258.00
Sub-Total Irrigation			**5247.50**
Agriculture			
1. Agricultural Machinery Project	09.27.49	IBRD	10.00
2. Terai Seeds	06.10.69	IBRD	13.00
3. Gujarat Agricultural Credit	05.05.70	IDA	37.94
4. Punjab Agricultural Credit	06.11.70	IDA	27.50
5. Andhra Pradesh Agricultural Credit	12.15.70	IDA	25.53
6. Agricultural Aviation	10.20.70	IDA	6.00
7. Tamil Nadu Agricultural Project	06.01.71	IDA	35.44
8. Haryana Agricultural Project	06.01.71	IDA	25.47
9. Wheat Storage Project	07.20.71	IDA	5.00
10. Mysore Agricultural Credit	12.21.71	IDA	40.25
11. Maharashtra Agricultural Credit	02.29.72	IDA	30.00

Project Description	Approval Date	IBRD/ IDA	Amount [US $ million]
12. Bihar Agricultural Marketing	02.29.72	IDA	14.00
13. Mysore Agricultural Marketing	03.27.73	IDA	8.00
14. MP Agricultural Credit	05.24.73	IDA	33.00
15. UP Agricultural Credit	05.24.73	IDA	38.00
16. Bihar Agricultural Credit	10.23.73	IDA	32.00
17. Himachal Pradesh Apple Project	01.08.74	IDA	13.00
18. Karnataka Dairy Project	06.13.74	IDA	30.00
19. Drought Prone Area Program	12.05.74	IDA	35.00
20. Dairy Development - MP	12.05.74	IDA	16.40
21. Dairy Development - Rajasthan	12.05.74	IDA	27.70
22. Agricultural Refinance Corp.	04.15.75	IDA	75.00
23. West Bengal Agri. Devel. Project	04.22.75	IDA	34.00
24. MP Forestry Project	12.30.75	IDA	4.00
25. Integrated Cotton Development	01.27.76	IDA	18.00
26. National Seeds Project	05.27.76	IBRD	25.00
27. Kerala Tree Crop Development	02.17.77	IDA	30.00
28. Orissa Agri. Devel. Project	02.22.77	IDA	20.00
29. West Bengal Agri. Research	03.22.77	IDA	12.00
30. Gujarat Fisheries Project	03.31.77	IDA	4.00
31. Gujarat Fisheries	03.31.77	IBRD	14.00
32. MP Agricultural Extension	05.12.77	IDA	10.00
33. Second ARDC Credit	05.24.77	IDA	200.00
34. Agri. Extension Services - Assam	06.28.77	IDA	8.00
35. Rajasthan Agricultural Extension	07.19.77	IDA	13.00
36. Foodgrains Storage II	11.15.77	IDA	107.00
37. Bihar Agricultural Extension	12.27.77	IDA	8.00
38. Fruit Processing	05.18.78	IDA	14.00
39. Andhra Fisheries	05.30.78	IDA	17.50
40. National Seeds II	05.30.78	IDA	16.00
41. National Dairy Development	06.08.78	IDA	150.00
42. National Agricultural Research	10.10.78	IDA	27.00
43. Composite Agri. Extension	12.12.78	IDA	25.00
44. NCDC	12.21.78	IDA	30.00
45. UP Social Forestry	06.05.79	IDA	23.00
46. ARDC III	07.12.79	IDA	250.00
47. Gujarat Community Forestry	12.11.79	IDA	37.00
48. Inland Fisheries	12.13.79	IDA	20.00
49. Cashewnut Project	04.29.80	IDA	22.00
50. Kerala Agricultural Extension	05.22.80	IDA	10.00
51. Karnataka Sericulture Project	06.03.80	IDA	54.00
52. Kandi Area Development	07.22.80	IBRD	30.00

Project Description	Approval Date	IBRD/ IDA	Amount [US $ million]
53. Maharashtra Extension	04.21.81	IDA	23.00
54. Tamil Nadu Extension	04.23.81	IDA	28.00
55. MP Extension	04.23.81	IDA	37.00
56. NCDC II	05.21.81	IDA	125.00
57. West Bengal Social Forestry	10.06.81	IDA	29.00
58. ARDC IV	02.03.82	IBRD	190.00
59. ARDC IV	02.23.82	IDA	160.00
60. AP Extension	03.30.82	IDA	6.00
61. J&K and Haryana Social Forestry	08.03.82	IDA	33.00
62. Himalayan Watershed Development	05.31.83	IBRD	46.20
63. Karnataka Social Forestry	12.20.83	IDA	27.00
64. National Cooperative Development	06.19.84	IDA	220.00
65. Kerala Social Forestry	07.31.84	IDA	31.80
66. National Agriculture Extension	10.02.84	IDA	39.10
67. Agricultural Extension II	03.26.85	IDA	49.00
68. National Social Forestry	06.18.85	IDA	165.00
69. National Agriculture II	10.22.85	IDA	72.10
70. NABARD	02.25.86	IBRD	375.00
71. III National Agri. Extension	01.20.87	IDA	85.00
72. Drought Assistance	11.24.87	IBRD	150.00
73. Drought Assistance	11.24.87	IDA	200.00
74. National Dairy	12.15.87	IBRD	200.00
75. National Dairy	12.15.87	IDA	160.00
76. National Seeds III	08.25.88	IDA	150.00
77. National Sericulture	05.18.89	IDA	147.00
78. National Sericulture	05.18.89	IBRD	30.00
79. Agriculture Development-Tamil Nadu	03.12.91	IBRD	20.00
80. Agriculture Development-Tamil Nadu	03.12.91	IDA	92.80
81. Maharashtra Forestry	01.14.92	IDA	124.00
82. Shrimp and Fish Culture	01.14.92	IDA	85.00
83. West Bengal Forestry	03.17.92	IDA	
84. Agriculture Development—Rajasthan	11.12.92	IDA	106.00
85. Bihar Plateu Development	11.19.92	IDA	117.00
86. UP Sodic Lands Reclamation	06.10.93	IDA	54.70
87. Andhra Pradesh Forestry	02.24.94	IDA	77.40
88. Forestry Research Education	02.24.94	IDA	47.00
Sub-Total Agriculture			5313.10

List of IFC Investments in India

Year	Company	Amount [US$ million]
1959	Republic Forge Company Ltd.	1.50
1959-92	Kirloskar Oil Engines Ltd.	0.85
1960	Assam Sillimanite Ltd.	1.36
1961	K.S.B. Pumps Ltd.	0.21
1963-66	Precision Bearings India Ltd.	1.03
1964	Fort Gloster Industries Ltd.	1.21
1964	Lakshmi Machine Works Ltd.	1.32
1964-75-79/90	Mahindra Ugine Steel Co. Ltd.	14.65
1967	Indian Explosives Ltd.	11.46
1967	Jayshree Chemicals Ltd.	1.15
1969-70	Zuari Agro-Chemicals Ltd.	18.91
1977-87	Escorts Ltd.	15.55
1978-87/91	Housing Development Finance Corp.	106.10
1980/82/87/89	Deepak Fertilizer & Petrochemical Corp. Ltd	11.73
1981-82	Nagarjuna Coated Tubes Ltd.	1.74
1981-82	Nagarjuna Steels Ltd.	3.12
1981-86-89	Tata Iron and Steel Company Ltd.	97.15
1981-90	Mahindra & Mahindra Ltd.	37.16
1982	Ashok Leyland Ltd.	28.00
1982	Coromandel Fertilizers Ltd.	15.88
1982	The Bombay Dyeing Co. Ltd.	18.80
1982-86-87/91	Nagarjuna Signode Ltd.	0.41
1982-87	ITW Signode	2.99
1982-87	The Indian Rayon Corp. Ltd.	14.57
1983	Bharat Forge Company Ltd.	15.90
1984-86	Gwalior Rayon Silk Manufacturing Co. Ltd.	15.95
1985	Bajaj Auto Ltd.	23.93
1985	Modi Cement	13.05
1985-86/90-91	India Lease Development Ltd.	9.28
1985/91	Bihar Sponge	15.92
1986	Bajaj Tempo Ltd.	30.54
1986	India Equipment Leasing Ltd.	2.80
1986	Larsen and Toubro Ltd.	21.78
1986-87	The Great Eastern Shipping Company Ltd.	18.66
1987	Export-Import Bank of India	14.34

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Rs. 30/-

Year	Company	Amount [US$ million]
1987	Gujarat Fusion Glass Ltd.	9.22
1987	Gujarat Narmada Valley Fertilizer	38.07
1987	Hero Honda Motors Ltd.	7.74
1987	Hindustan Motors Ltd.	39.26
1987	The Gujarat Rural Housing Finance Corp.	0.19
1987	Wimco Limited	4.70
1987-89/90	Titan Watches Ltd.	22.58
1988	Invel Transmission Ltd.	1.07
1989	Ahmedabad Electricity Company Ltd.	20.83
1989	WTI Advanced Technology	0.20
1989-90	Keltron Telephone Instruments Ltd.	0.56
1989-92	Gujarat State Fertilizer	41.20
1990	JSB India Securities Firms	0.37
1990	UCAL Fuel Systems Ltd.	0.63
1990-91	Tata Electric	111.88
1991	ATIC Industries Export Finance	0.28
1991	Bombay Electric	68.00
1991	CESC Ltd.	22.85
1991	Export Finance - AFDC	0.35
1991	Herdilla Oxides and Electronics Ltd.	0.29
1991	ICICI	26.60
1991	Infrastructure Leasing & Financial Services	16.81
1991	TDICI Development Finance Companies	2.19
1991	Triveni Pool Intairdril Ltd. (TPIL)	0.93
1991	Varun Transport, Storage & Communications	19.42
1992	Arvind Mills	16.81
1992	Block KG-OS-IV	8.20
1992	INDUS VCF	1.17
1992	Kotak Mahindra	0.80
1992	Nipon Denro	45.77
1992	SKF Bearings	11.50
	Total	**1129.47**

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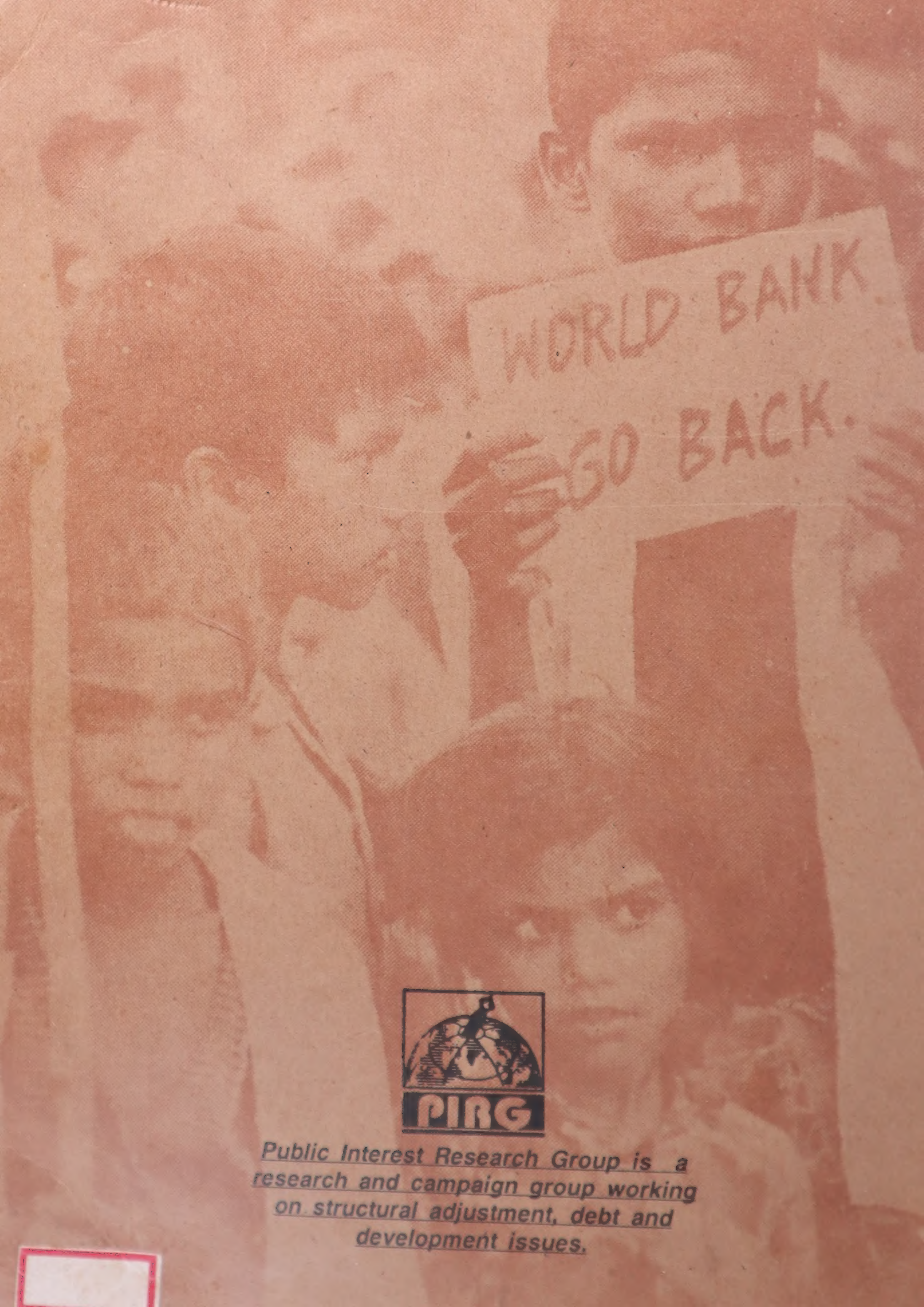

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